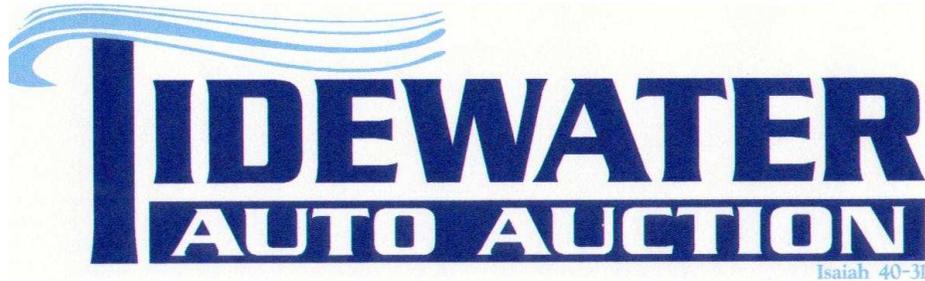


*The Eagle Has Landed...*



# Arbitration Policy Tidewater Auto Auction In-Lane and Online

March 2014



## ***I, General Policies***

1. **Fair and Ethical Sale:** The sales made at an Auction are intended to promote fair and ethical treatment to both the Buyer and Seller. If Auction determines that the transaction is not fair and ethical to either party, the Seller and the Buyer agree that Auction may cancel the sale, at its sole discretion. Federal, State, and Local laws supersede these policies where applicable. This provision also applies to any clerical or administrative error made by Auction. Any arbitration conducted at Auction is subject to the Terms and Conditions of the Auction.
2. **Auction Role in Sale:**
  - a. Auction makes no representations or guarantees as to the description, equipment, warranties, service policy, title status/accuracy, or odometer on any vehicle sold or offered for sale.
  - b. Auction is not a party to the contract of the sale. The sales contract is between the Seller and Buyer 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 or any other applicable laws. Auction is not responsible for the accuracy of odometer readings, odometer statements, or damage disclosure statements.
  - c. All vehicles bought or sold on the premises must be processed through the Auction office. Failure to do so will result in suspension of trading privileges at Auction.
3. **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 signs the block ticket or appropriate document for the vehicle signifying they have inspected and accepted the vehicle. Until the appropriate document is signed, the sale is not binding to either party.
  - c. Sellers may guarantee "Lot Sales", but must do so in writing. Vehicles sold after crossing the block are still subject to the announced conditions noted on the Auction sales receipt. These transactions are subject to the terms noted in the Disclosure/Discovery section of the policies.
  - d. Buyers are cautioned to inspect "Lot Sale" vehicles very carefully and verify announced conditions before purchasing.
4. **Auction VIN Policies**
  - a. 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 plate must be announced or will be subject to sale cancellation or Buyer return. Auction reserves the right to refuse the sale of any vehicle in which the VIN plate appears to be altered in any way.
  - b. Seller guarantees VIN plates and years on any vehicle up to 20 model years old with the exception of the VIN plates and year on trailers, RVs, and watercraft, which are guaranteed up to 10 model years.
5. **Auction Right of Review** - Auction reserves the right to review any audio/video documentation to verify the accuracy of a sale.
6. **Auction Exclusions**
  - a. Auction is not bound by information listed in Electronic Data Vehicle Histories (EDVH) (i.e. Carfax, AutoCheck, etc.) and any vehicle may not be arbitrated solely on EDVH data. Auction may investigate vehicle history based on information found in EDVH for information that may impact arbitration.
  - b. Vehicles are not subject to arbitration if they exceed 20 model years, with the exception of trailers, RVs, and watercraft which cannot be arbitrated if they exceed 10 model years.
  - c. **Towed vehicles, video sale units, kit vehicles, homemade vehicles,** or modified vehicles are sold "AS-IS" and cannot be arbitrated for odometer, frame, flood, VIN plates, warranty books, or model year.
7. **Online Buyer Responsibilities**
  - a. The Buyer or Buyer's agent (transporter or driver) should note any obvious damage on the gate release prior to removing the vehicle from the Auction or facilitation service provider's location. Auction or facilitation service provider and Seller will not be responsible for any obvious damage not identified on the gate release or the condition report once the vehicle is removed from the Auction or facilitation service provider's location.

- b. Buyer will inspect the vehicle immediately upon arrival at Buyer's location. The Buyer must verify the Seller's representations and notify the Auction or facilitation service provider immediately of any discrepancies within the time frame as stated in this arbitration policy. Buyer will verify odometer reading upon arrival at Buyer's location. Mileage must be the same as when purchased if arbitrating for inoperable odometer.
  - c. The Buyer is responsible for understanding the Online Bidding/Proxy Bidding and Buy Now procedures for online buying channels
  - d. It is strongly encouraged that an On-Line Buyer should have a Post Sale Inspection (PSI) on vehicles purchased.
8. **Government Inspection** - All vehicles registered/sold at Auction are subject to inspection, with or without prior notice, by the FBI, State Police, National Auto Theft Bureau, Local Police Authorities, any other governmental agency, or quasi-governmental agency.
9. **Buyer Responsibilities** - The Buyer is responsible for listening to announcements related to each vehicle, made by the Auctioneer or Selling Representative, prior to the start of the sale. The Buyer is also responsible for observing and understanding the sale lights (Green, Red, Blue, Yellow) which identify various sale conditions for the vehicle.
10. **Seller Responsibilities** - All guaranties as stated by the Seller are those of the Seller only. The Seller understands that the sale light/video display is a binding arbitration representation of vehicle condition, and Seller is therefore responsible for ensuring that their vehicles sell under the correct light with correct announcements displayed and correct year and miles displayed in the lane. The seller is held liable for any verbal statements that can be heard through any arbitration recordings regardless of sale lights. Seller is responsible to verify any writing on windows, regardless of its source – even if the auction is representing the vehicle on the seller's behalf.

## II. Sale-Light/Video Display Systems: In-Lane and Online Simulcast Only

1. **Auction System** - Auction has a standardized light/video display system to describe the condition and/or announcements related to the vehicle being sold. The system is defined as:
- a. Green Light - "Ride and Drive": The green light signals that this vehicle is guaranteed under the conditions outlined in the Disclosure/Discovery Arbitration section, except for specific announcements made prior to the sale. Vehicles with this light must be sold for a bid price greater than \$2500. See item 9b (below) for additional requirements. Nothing in the cabin of the vehicle can be arbitrated – including gauges and warning lights. If a warning light is on and not announced, the problem must be specifically identified by the buyer before it can be arbitrated. Auction will NOT diagnose lights.
  - b. Yellow Light - "Announcements": This shows up in pink on the TV displays on the block with announcements fully readable. These same announcements will be on the signed sales receipt. The "Yellow Light" may not be present and only the vehicle announcements displayed. In any event, the buyer is responsible for paying attention to the displayed announcements.
  - c. Red Light - "AS-IS": Vehicles selling under the red light will only qualify for arbitration under the rules outlined in the Disclosure/Discovery section and those exceptions outlined in item 6 above. All units selling for less than \$2500 are automatically AS-IS.
  - d. Blue Light - "Title Attached/Title Unavailable/Title Absent": This light is used to announce that the title is not present at the time of the sale. For Auction rules regarding titles please refer to the Title Arbitration Policy section. If "title attached/unavailable/absent" is not announced, a vehicle could be arbitrated for misrepresentation. If title is announced as present and a good transferrable title is not presented to auction within 2 hours of selling, Buyer may arbitrate the unit for misrepresentation.

## III. Disclosure / Discovery Requirements

### Arbitration Guidelines

Vehicles that have any of the following defects, conditions, or discrepancies that were not disclosed or announced at the time of sale must be reported to Auction within the time frame noted below in order to be eligible for arbitration. The only exception is if there is a pending Post Sale Inspection (PSI). Vehicles must be returned to Auction in the same or better condition than when purchased.

1. **By Sales Channel** - Some arbitration policies are sales channel specific. The two sales channels are defined as follows:
- a. In-Lane: All purchases made by a bidder on Auction location property. Vehicles purchased in an online event sale by bidders at a location will be considered "in-lane".
  - b. On-Line: Defined as purchases made by a remote bidder via the internet. Due to the differences associated with purchasing through online channels, such as the inability of the buyer to view the vehicle, additional time

parameters and damage disclosure requirements for arbitration have been included.

2. **Time Period:** Definition codes for discovery time periods as set forth below in the **Arbitration Matrix (Appendix I):**
  - a. All Online arbitrations must be initiated within 2 calendar days of Buyer's verified receipt of the vehicle and cannot exceed 10 calendar days from purchase. Purchase of a Post Sale Inspection (PSI) may increase arbitration timeframes of items covered in the PSI. It is the auction or facilitation service provider's responsibility to inform Seller of any pending PSI or arbitration resulting from the Sale.
  - b. Sale day is day 1.
  - c. Arbitration shall end at the closing time on the last calendar day in the time period. Below are the definitions of the time codes referred to in the Arbitration Matrix Table at the end of this document
    - i. (A) In-lane – 4pm on sale day only
    - ii. (B) In-lane - 7 calendar days
    - iii. (C) Online - 2 calendar days upon verified arrival to Buyer not to exceed 10 calendar days from purchase.
3. **Process** - The arbitrator will inspect only the defect(s) which are on the arbitration form/documents. Each vehicle transaction is allowed ONE chance at mechanical, electrical, or cosmetic arbitration. If price adjustment is made and accepted, vehicle becomes "AS-IS" property of the Buyer, and is not subject to any further arbitration for mechanical, electrical, or cosmetic defects or adjustments. The decision of the arbitrator is final and binding to both Buyer and Seller. If the buyer has purchased a post sale inspection, the adjusted area is NOT covered in any warranty.
4. **Fees** - Auction reserves the right to assess an arbitration fee to the Buyer. Any arbitration must be properly documented in writing and signed by the arbitrator. If the arbitration is valid, Auction reserves the right to assess an arbitration fee to the Seller. 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.
5. **Exclusions:**
  - a. **Noise and Inherent Conditions:** No arbitration can be based on noises or conditions that are inherent or typical to a particular model or manufacturer, unless deemed "excessive" by the arbitrator on non-warranty items. OEM dealer warranty guidelines will be used where applicable to determine whether the condition is excessive. (i.e.) Rear noise on Jeep, Explorer, etc.
  - b. **Manual Transmissions: Vehicles** with standard transmissions cannot be arbitrated for manual clutches unless the defect will not allow a safe test drive **or unit will not move in any single gear.**
  - c. **Wearable Items:** Auction will not arbitrate vehicles for wearable items. For purposes of this policy wearable items are defined as parts of the vehicle that the manufacturer recognizes the need for replacement/adjustment during the expected life of the vehicle. These items are normally identified in the Owner's Manual for routine check and replacement and would include, but not limited to: tires, wipers, brake pads, shoes, rotors, belts, hoses, lubricants/fluids, timing belts, bulbs, filters, shocks & struts.
  - d. **As-Is:** Any in-lane or online vehicle sold "AS-IS" is NOT subject to mechanical, electrical, or cosmetic arbitration. AS-IS selling price, model years, and mileage is subject to local auction policy.
  - e. **Unsafe vehicles:** Auction reserves the exclusive right to reject any vehicle that management judges to be **unsafe or where Auction feels that test driving vehicle may cause damage to that vehicle or cannot be safely driven on the street by the buyer.**
6. **4x2 Disclosure Rule:** All multipurpose and utility-type vehicles are assumed to be 4X2 unless otherwise announced. However, if a 4X2 multipurpose, utility-type vehicle or pickup has been altered in appearance or stance to resemble a 4X4, a 4X2 announcement will be required. Examples include, new badges, raised suspension, and off-road tires.
7. **Towing Packages** – Towing packages installed using OEM holes do not need any disclosure or announcement. Packages installed where other holes are drilled or frame is welded need announcement.
8. **Access Holes (PDR)** - Access holes 1/4" or less do not require disclosure; Multiple holes or access holes greater than 5/8" require disclosure; Access holes between 1/4" and 5/8" are subject to disclosure based on location and condition.
9. **Arbitration by Selling Channels:**
  - a. **All Selling Channels** - Seller will be held responsible for the accuracy and completeness of all representations or descriptions. This includes handouts, catalogues, vehicle markings, and verbal or written statements made by Seller or Auctioneer at the time of sale, independent of vehicle "light" designation or guarantee offered. This

includes all vehicles offered for sale either in-lane or on the internet including all images and text representations made by Seller, designee or Seller's agent including 3<sup>rd</sup> party condition reports or vehicle listing agents at the time of sale. This includes, but is not limited to year, make, model, odometer reading, equipment and announced conditions. Repair costs will be determined by the auction and will reflect the auction cost to repair.

- b. **In-Lane:** Any single mechanical defect that has a repair cost of \$500 or more is subject to arbitration on Green Light vehicles. This excludes any item in the cabin of the vehicle with the exception of a power convertible top. An inoperable odometer is always arbitratable unless announced. Single defects less than \$500 are deemed minor and not subject to arbitration. Auction will not arbitrate visible defects or announced conditions. **Labor rates of \$85/hour are used by Auction for estimation.**
  - c. **Online:** Sellers who sell to online buyers through any of the online channels and provide a condition report have the additional responsibility to disclose defects or damage that are "visible" in nature. The Seller must disclose damage (but not actual repair cost) with a cumulative auction (wholesale) repair cost in excess of \$500. Undisclosed cumulative damage in excess of \$500 is subject to arbitration by the Buyer due to an inadequate disclosure of damage or condition. Actual images of the listed vehicle must be used unless proper disclosure is noted by the Seller which makes it known the actual vehicle is not shown. This excludes anything on instrument clusters unless the entire cluster does not work. An inoperable odometer is always arbitratable unless announced. **Labor rates of \$85 are used by Auction for estimation.**
  - d. **Online Without Vehicle Condition Information** - Vehicles sold through online channels without a written condition report, inspection, or a disclosure as to the vehicle's condition, will be subject to In-Lane policies (b) as detailed in this policy.
  - e. **The Seller has 2 hours to cure any arbitration problem from the time that it is found and/or verified by Auction. In the event that the problem is fixed, to the Auction's satisfaction, the Buyer is responsible for the purchase. In the event that the Seller asks Auction to help cure an arbitration problem, Seller agrees to pay auction \$65/hour plus any required parts for diagnosis and repair of unit.**
8. **Seller Fees:** The Seller is responsible for reimbursement of all reasonable documented expenses incurred by the Buyer (excluding profit, commissions, and detail charges) on vehicles arbitrated for unannounced conditions not detectable through vehicle inspection (i.e. odometer discrepancy, title discrepancy, frame damage, flood damage, salvage, manufacturer buyback, etc.). Expense reimbursements will be at the sole discretion of Auction and will, at times, be limited to reasonable and documented expenses and transportation only. Some announcements NOT covered include stolen vehicle, theft recovery, airbag deployment, etc., as these don't effect the value or condition of the vehicle.
9. **Buyer Responsibilities and Liabilities:**
- a. It is the Buyer's responsibility to watch lights and listen to announced conditions before placing bids. Once the vehicle is sold, the Buyer should check the Auction sales receipt to confirm the vehicle price and announcements are correct before legibly printing and signing their name or electronically signing the Auction sales receipt
  - b. Buyers should thoroughly check and, if possible, 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 or electrical failure once the arbitration period is over.
  - c. Buyer agrees to be liable for any and all work done to a vehicle prior to returning the vehicle to Auction except on vehicles arbitrated for unannounced conditions not detectable through vehicle inspection, (i.e. odometer, title brands, title discrepancy - does not include title attached/unavailable/absent). Mileage must be the same as it was when it left Auction if arbitrated for inoperable odometer. Vehicle must be returned in a timely manner consistent with auction direction.
  - d. The Buyer is financially responsible for any pending sale until arbitration is final.
  - e. The Buyer or Buyer's agent (transporter or driver) should note any obvious damage on the gate release prior to removing the vehicle from the Auction or facilitation service provider's location. Auction or facilitation service provider and Seller will not be responsible for any obvious damage not identified on the gate release or the condition report once the vehicle is removed from the Auction or facilitation service provider's location.
10. **Manufacturer's Warranty:** The availability of a manufacturer's warranty shall not affect a Buyer's right to arbitrate a vehicle.
11. **Auction Notice** - The Buyer shall not surrender possession of the vehicle to any claimant, except as required by legal process, nor shall Buyer voluntarily pay or acknowledge the validity of any claim, without the prior approval of Auction. Time is of the essence. Any failure on the part of the Buyer, after becoming aware of said claim, to notify Auction of any claim in a timely manner or failure of the Buyer to cooperate in defending any such claim shall relieve Auction of any liability under this policy.

12. **Payment in Arbitration** - Seller will not be paid for vehicles in arbitration until arbitration is settled, and vehicles are sold. For arbitrations occurring after the seller has been paid, seller is required to promptly return the payment to the auction if the transaction is voided as a result of arbitration.
13. **Return Process** - A vehicle is not considered returned until received, inspected, and approved for return by Auction management. Any vehicle returned must be in the same or better condition as when sold. Any vehicles delivered to and left on Auction premises without Auction approval remain the sole responsibility of the Buyer. Buyer assumes all risk of loss.
14. **Fees on Returned Vehicle** - There will be a charge for excessive mileage on a returned vehicle. Units should not exceed 1,000 total miles from time of purchase. Units in excess of this will be charged at a rate of \$0.55 per mile over 1,000 miles. The excessive charge for mileage is only applicable for vehicles returned within 120 days and the maximum charge is \$1,000.
15. **Return Process** - A vehicle is not considered returned until received, inspected, and approved for return by Auction management. Any vehicle returned must be in the same or better condition as when sold. Any vehicles delivered to and left on Auction premises without Auction approval remain the sole responsibility of the Buyer. Buyer assumes all risk of loss.

#### IV. Title Arbitration Policy

1. **Seller Title Responsibilities:** All titles submitted by Seller must be in Seller's company name on title or on a properly executed reassignment form. The Seller guarantees the titles of vehicles that are sold through Auction. This guarantee of the title warrants that the title shall be marketable and free and clear of all liens and encumbrances. This includes 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 through Auction and for a period of four (4) years from the date of sale. Seller's liability under this title guarantee shall never exceed the Auction sale price (the "maximum amount") of the vehicle, and this maximum amount shall be reduced by two percent (2%) per month following Auction sale date. All liability under this title guarantee shall expire and terminate 48 months after Auction sale date. Auction will not be responsible for any expenses incurred on vehicles returned for late title.
2. **Seller's Title Guarantee:** Sellers warrant, represent and guarantee that they have and will convey a certificate of title, property executed, valid in the state where the transaction is occurring and 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 of all persons whatsoever.
3. **Auction Right to Remediate Clerical Error** - If the title problem is due to a clerical or coding error, or incomplete documentation, Auction shall be given reasonable time after receiving notice to have the error corrected.
4. **Buyer's Title Claim Notice to Auction** - 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 Auction. This involves giving full particulars of claim, cooperating fully in defending any legal action, and in taking other steps to minimize possible loss.
5. **Title Assignment** - Title must be reassigned directly to Buyer. No title assigned directly to Auction will be accepted.
6. **Payment After Title Receipt** - Seller will not be paid for vehicles until a transferable title is received.
7. **Non-titled Vehicles Rules:**
  - a. Auction accepts no responsibility for non-titled vehicles sold without title. Seller must announce the vehicle being sold with a bill of sale only and that there is no title to transfer.
  - b. All non-titled vehicles and equipment will be sold "AS-IS".
8. **Titles Not Permitted:**
  - a. Applications or other documents related to a duplicate title will not be accepted (*unless announced as such or if allowed by the appropriate jurisdiction*).
  - b. Foreign titles, such as Canadian titles, are unacceptable.
9. **Assignment Title Timelines**
  - a. Seller has up to a maximum of 30 calendar days for title to be received by Auction - *Sale day is day (1)*.
  - b. After the 30<sup>th</sup> calendar day period, it is the Buyer's option to return the vehicle or wait a reasonable period of time for the title.

- c. **Buyer Responsibilities:** The Seller/Auction shall not be liable for any vehicle sale or repairs made by the buyer before the title is received by the buyer. If the title has been mailed from Auction to Buyer, Buyer may not return vehicle. Buyer is required to notify Auction in a timely manner consistent with Auction policy before returning vehicles. If a valid negotiable title is presented within the Auction policy notice period, the transaction will stand.
- d. If, after 90 calendar days, Seller has not produced negotiable title and Buyer has not returned the vehicle, this title guarantee shall not apply and Auction shall have no duty to produce the certificate of title to the Buyer and Auction shall have no duty to pay Seller.

**10. Seller Title Disclosures - (Subject to Auction Title Policy):**

- a. Vehicles lacking a properly assigned title or reassignment to transfer a title at time of sale must sell "Title Attached/Title Unavailable/Title Absent", unless announcement is not required within the region.
  - b. Vehicles lacking lien release or a valid repo affidavit for a repossessed vehicle (where allowed by law) must be sold "Title Attached/Title Unavailable/Title Absent", unless announcement is not required within the region.
  - c. Any and all "Title Brands" or discrepancies which may affect a vehicle's value must be announced. Some examples include, but are not limited to: Salvage, Previous Salvage, Not Actual Miles, Odometer replacement, Lemon Law, Rental/For Hire, Reconstructed, Exempt, Flood/Fire histories, disclosure requirements (if required by state; i.e. 25%) and Insurance transfers. This does not include stolen vehicle, theft recovery or airbag deployment announcements as they do not effect the condition of the vehicle.
11. **Auction Title Indemnity** - In regard to defect in title, and in any matter relating to odometer mileage, odometer statements, or damage disclosure statements: Seller and Buyer agree to indemnify and hold harmless Auction from any liability, loss costs, damage or expenses, 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.
12. **Buyer Delivery Responsibility:** Auction will not be responsible for titles mailed from Auction and not received by the Buyer. Buyer has the choice of alternative delivery method and will pay Auction for such service.

**13. Seller Additional Fees:**

- a. Seller will be responsible for the buy fee plus reasonable transportation expenses to and from the Buyer's dealership to Auction on vehicles returned for "no title".
  - b. Titles received after 30 days may be subject to a late title fee. All expenses to obtain title will be charged to the Seller.
14. **Seller Mileage Announcements:** 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 - any statement made by the Seller that can be heard on any audio recordings and all known odometer discrepancies are grounds for arbitration. Vehicles with 5 digit odometers are deemed miles unknown if 10 years old or older unless announced otherwise by Seller at time of sale.

*V. Gray Market & Canadian Vehicles*

- 1. **Eligible Vehicles** - Only vehicles made in North America for Canadian use and properly converted to U.S. specifications can be sold and must be announced as such. No other Gray Market vehicles are accepted for sale.
- 2. **Seller Responsibilities:** Seller must inform 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 unless the car is (5) years or older.
- 3. **Proper Conversion**
  - a. If a vehicle was manufactured in Canada for the Canadian Market, the Manufacturer is required to obtain and affix a U.S. Safety Standard Certification Label to the vehicle.
  - b. All other vehicles imported from Canada must be imported through a Registered Importer. Registered Importers are required to post a bond with the U.S. Department of Transportation. All vehicles imported through a Registered Importer must have:
    - i. U.S. Safety Standard Certification Label that identifies the Registered Importer
    - ii. Valid U.S. Title
  - c. 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,

allows replacement odometers without a door frame sticker if the conversion from 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.

4. **"Gray Market Vehicles"** will not be accepted for sale unless they meet ALL Federal D.O.T. / E.P.A. Mandated Guidelines. Documentation must be provided. Sellers will not offer for sale any European manufactured vehicles.

#### **VI. Tidewater Auto Auction Specific Items**

1. Arbitrations must be turned in before 4pm on sale day.
2. There is NO arbitration on units after they leave the Auction with the specific exception of the malfunction of the overdrive in a transmission. (NOT codes). Arbitration ends at the gate!
3. All Post Sale Inspections must be turned in before 4pm on sale day.
4. Any unit towed through the sale is sold 100% AS-IS and cannot be arbitrated for any reason including, but not limited to, frame, flood and odometer issues. The Seller will be held responsible to guarantee to Buyer any verbal statement by Seller at the time of sale that can be heard on any audio recording.
5. All Wednesday Sale Post Sale Inspections (PSI's) are guaranteed to Buyer until the following Friday at 4pm. All guarantees are specifically stated in the Tidewater Auto Auction Post Sale Inspection Policy. Any issues within that time period must be presented to Auction within that time period. Any vehicle returns for inspection or arbitration under a PSI, must be on Auction site by the Wednesday at 10am following the prior Wednesday purchase. If the Buyer does not follow the above guidelines, Auction is not responsible for any issues on the PSI. Buyer assumes all risk and purchases PSI based upon Buyer's ability to comply with the above rules.
6. If Auction confirms any reported problem, Auction, at Auction's sole discretion, may choose to repair problem or buy vehicle back at gross purchase price, which does not include any Buy Fees. If Auction is unable to determine that a problem exists, Auction, at Auction's sole discretion, may (with the Buyer's permission) choose to send vehicle to Auction's choice of repair facilities to verify problem. Buyer is responsible for any transportation to and from chosen repair facility and any charges from repair facility to diagnose problem.
7. "Arbitration Ends at the Gate" – This means that, absent a PSI, Auction will not allow arbitration on units that leave the Auction facility. This does not apply to car returns for no-title.
8. Tidewater Auto Auction recognizes a "firewall forward" policy on most arbitration subjects. This means that, unless specifically listed, items inside the cabin of a vehicle can generally not be arbitrated.

No PSI's will be performed on any diesel, rotary or "highline" units like (but not restricted to) Maserati, Ferrari, Bentley, Mercedes, BMW, etc. Auction can perform inspection at Buyer's request at a reduced charge, but no guarantees will apply.

## Appendix I. Arbitration Matrix

NAAA Seller Disclosure Requirements Light -	Arbitration Period			
	Green	Red	Green	Red
ABS Problems	No	No	N/A	N/A
Airbag missing*	Yes	No	B/C	N/A
Air conditioning not working <sup>1</sup>	No	No	N/A	N/A
Air conditioning NOT installed (5 years or newer)	Yes	No	A/C	N/A
Abnormal rod, main bearing, lifter or cam noise, as determined by Auction <sup>1</sup>	See III 9b <sup>1</sup>	No	A/C	N/A
Bio-Hazard vehicles (both cleaned and contaminated) as required by law	Yes	Yes	A/C	A/C
Canadian units that are calendar year and up to 4 years old (unless state or local law supersede)	Yes	Yes	B/C	B/C
Cracked or repaired block (hidden damage)*	Yes	No	A/C	N/A
Check Engine Codes (only codes indicating problems with transmission, engine misfire or catalytic converter) <sup>1</sup>	Yes	No	A/C	N/A
Convertible Top (Electric) – Includes tops categorized as “convertible” by the manufacturer. (i.e.) Liberty, etc.	Yes	No	A/C	N/A
Engine noises that are only discoverable on cold start but not detectable at operating temperature (not normal for manufacturer – i.e. Chrysler/Hyundai)	Yes <sup>1</sup>	No	B/C	N/A
Flood Damage (By Auction inspection)	Yes	Yes	B/C	B/C
Flood Damage history (discovered by DMV or Insurance company records)	Yes	Yes	120	120
Fuel Conversion	Yes	No	B/C	N/A
Gray market vehicles**	Yes	Yes	B/C	B/C
Head gasket	Yes <sup>1</sup>	No	A/C	N/A
Insurance and/or Salvage titles (including history)**	Yes	Yes	B/C	B/C
Lemon Law/Manufacturer's Buyback**	Yes	Yes	B/C	B/C
Logo or decal misrepresentation	Yes	Yes	A/C	A/C
Mechanical problems* (Not interior)	Yes	No	A/C	N/A
Mileage less than on title (100 miles or less)	No	No	N/A	N/A
Mileage less than on title (more than 100 miles)	Yes	Yes	N/A	N/A
Mileage greater than Announced or Auction Bill of Sale (Less than or equal to 500 mile discrepancy)	No	No	N/A	N/A
Mileage greater than Announced or Auction Bill of Sale (More than 500 mile discrepancy)	Yes	Yes	N/A	N/A
Non-original engine (excludes items replaced under manufacturer warranty) Calendar year & up to 4 years old	Yes	No	A/C	N/A
Not Actual Miles/Inoperative Odometer**	Yes	Yes	B/C	B/C
Paintwork (3 panels or more) on current model year and newer (bumpers not included)	Yes	No	A/C	N/A
Rear end problems (rear and four wheel drive) <sup>1</sup>	See III 9b <sup>1</sup>	No	A/C	N/A
Salvage or Reconstructed (including history)**	Yes	Yes	B/C	B/C
Sludged engine (hidden damage)	Yes	No	A/C	N/A
State-issued VIN plates (including kit vehicles)	Yes	Yes	B/C	B/C
Structural Damage (existing, altered, or repaired) Per NAAA policy or Salvage Service (AutoCheck/CarFax)	Yes	Yes	B/C	B/C
Sun/Moon Roof (Factory or Aftermarket)	No	No	N/A	N/A
Suspension issues (that don't render the vehicle unsafe for a test drive at auction)	No	No	N/A	N/A
Taxis, Livery vehicles, Police cars, Government vehicles that Are Calendar year and up to 8 years old <sup>1</sup>	Yes	Yes	B/C	B/C
Transmission problems*, excluding clutch <sup>1</sup>	See III 9b <sup>1</sup>	No	A/C	N/A
Voided factory warranty	Yes	No	B/C	N/A
Warning lights on dash, etc.	No	No	A/C	N/A
Vehicles being sold with no title (Bill of Sale only)	Yes	Yes	B/C	B/C

Vehicles being sold with a CO, MSO, or repo affidavit title (if required by state law)	Yes	Yes	7 days after receipt of title	7 days after receipt of title
Pending state or local DMV fees or taxes over \$100 due on vehicle (if required by state)	Yes	Yes	7 days after receipt of title	7 days after receipt of title
Any state required damage disclosure	Yes	Yes	7 days after receipt of title	7 days after receipt of title

Air conditioning not working	Yes	No	N/A	
Glass damage/Hail damage/Tire Problems*	Yes	No	C	N/A
Upholstery problems/Visible body damage*	Yes	No	C	N/A

<sup>1</sup> = Variation from NAAA policy

<b>Arbitration Period</b> <b>A: In-Lane – 4pm on Sale Day Only</b> <b>B: In-Lane – 7 calendar days</b> <b>C: Online – 2 calendar days upon verified receipt not to exceed 10 calendar days from purchase</b>
*In-Lane must announce defects that are singularly \$500 or more to repair
**These transactions may be subject to arbitration regardless of the stated time limits. Arbitrations initiated after the stated time period will be addressed via the depreciation formula described in the Title Arbitration Policy, Paragraph 1.

### Structural Damage Policy Statement

Tidewater Auto Auction complies with the NAAA Structural Damage Policy. Vehicles are no longer represented as “frame”, “unibody” or “unibody on frame”, but are simply categorized as “structural damage”. Vehicles purchased with this announcement may encompass any or all of the damages expected with the previously accepted terms.