

North Bay Auto Auction

ARBITRATION POLICIES

(Effective January 1, 2009)

- 1. The decision of the Arbitration Department is final and binding on both the 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.
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 Auction makes no representations or guarantees as to the description, equipment, history, warranties, service policy, title status/accuracy or 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.
4. The 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 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", or any vehicle sold for **Less than \$2500** is **NOT** subject to mechanical arbitration or frame warranties.
6. All vehicles bought or sold on the premises must be processed through the Auction Office. Failure to do so could result in suspension of trading privileges at the Auction.
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 plate 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 Electronic Data Vehicle Histories (*i.e., CarFax, AutoCheck, etc.*) and may not arbitrate solely on EDVH data.

11. The Auction does not guarantee any warranty books, plates, or the year of kit vehicles, trailers, motorcycles, watercraft, recreational vehicles, vehicle over 20 years old, or homemade (as defined by California state regulations) or modified vehicles. All of these vehicles are sold "AS-IS" and have no odometer or frame guarantee.

12. The Auction reserves the right to reject any vehicle that the Arbitration Manager judges to be unsafe or unable to test drive.

13. Engines/Rear End – No arbitration on noises that are inherent or typical to a particular model or manufacturer, unless deemed "**Excessive**" by the arbitrator on non-warranty items.

14. Mechanical Warranties: Engine- Includes: All internally lubricated components, including block, crankshaft, head and head gaskets are included in warranty. **Not Included:** Computers, fuel system, coolant circulation, ignition, and sensors, turbos and superchargers.

Transmission and Trans Axles: All internally lubricated components of transmission and or transfer case are included under seller warranty. 4X4 drive motors and or modules are also **included**. Clutches and linkages and all items not identified are **excluded** from arbitration.

Differentials: Internal components of differentials are **included** in warranty. Wheel bearings, hubs, U-joints, and CV joints are **excluded**.

Air Bags: Missing or deployed air bags must be declared. North Bay Auto Auction will not arbitrate an automobile for air bag light only.

Smog: Cars sold at North Bay Auto Auction must be sold with factory or California legal smog equipment. Cars sold with equipment that disqualifies them from California smog certificate must be announced as such. This arbitration must be performed within 24 hours of purchase.

15. Standard transmissions cannot be arbitrated for manual clutches unless completely inoperative.

16 All Arbitration and Post Sale Inspection requests must be submitted prior to vehicles leaving the auction facility. All Arbitration and Post Sale Inspection submissions must be received by 12 noon on the Wednesday following the Tuesday auction and by 5 pm on the day of sale on vehicles purchased during the Thursday auction.

17. Manufacturer's Warranty: The availability of a manufacturer's warranty shall not affect a Buyer's right to arbitrate a vehicle.

18. The arbitrator will inspect only the defect(s) which are on the arbitration form. Each vehicle is allowed one chance at mechanical arbitration. If price adjustment is made and accepted, vehicle becomes "AS-IS", property of Buyer, and is 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.

SALE-LIGHT SYSTEM

1. NBAA has a standardized light system to describe the condition and/or announcements related to the vehicle being sold. The light system is defined as:

a. **Green Light – “Ride & Drive”**: The green light signals that this vehicle is guaranteed under the conditions outlined in the Sale Day, and As-Is Arbitration section, except for specific announcements made prior to the sale. { Available only on vehicles selling for \$2500 and above. }

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 this vehicle. Please pay attention to all announcements on vehicles sold with yellow light.

c. **Red Light – “As-Is”**: Vehicles selling under the red light will **NOT** qualify for arbitration or frame warranties. This also applies to vehicles under \$2500.

***The term “As Is – No Arbitration” includes no warranties on mechanical and frame combined. Also included, airbags, smog, etc.**

d. **Blue Light – “Frame Damage”**: Indicates that frame damage has been found on a vehicle through inspection or that the strong possibility of frame damage exists on a vehicle based on condition.

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, Red and Blue), which identify various sale conditions for the 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 - any statement made by the Seller and all known odometer discrepancies are grounds for arbitration.
3. 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. stolen vehicle, odometer, title discrepancy, frame damage, flood damage, manufacturer buyback, etc*). Expense reimbursements will be at the sole discretion of the Auction (not to exceed \$500 or more than 50% of the vehicle purchase price) and will, at times be limited to reasonable and documented expenses and transportation only.
4. Title Discrepancies must be announced including, salvage, disclosure requirements, previous salvage, theft recovery, not actual miles (previously TMU), odometer replacements, flood/fire history and Lemon Law buybacks.
5. All titles submitted must be in the Seller's name or include documentation of the legal right to sell the vehicle. It is the Seller's responsibility to ensure that a sold vehicle's title is **negotiable California** and that the title is clear of all liens and encumbrances.
6. 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.
7. Seller shall be solely responsible for repurchase of any vehicle sold through the Auction found to be stolen prior to the date of sale.
8. Seller has the responsibility to produce a negotiable/marketable title to Auction within a maximum of **45 Days** from the date of sale [*sale day is day one (1)*], or as specified by state law.
9. It is the Seller's responsibility to inform the Auction of the following: Frame, Fire, Flood, Salvage, Gray Market of Canadian Vehicle, Reassigned VIN, Airbag Problems, Prior Tax, Prior Police, Lemon Law, T.M.U., Fuel Conversions, Engine Conversions, Biohazard, and Unsafe to Operate.

BUYER RESPONSIBILITIES

As to any vehicle purchased at the Auction, the Buyer is responsible for the following:

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 inoperative 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 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*).
5. 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.
6. 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 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.
7. 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 and/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 the catalog.
8. The Buyer is responsible for any pending sale from arbitration.
9. On Line purchases will have normal arbitration parameters as outlined in the Arbitration Rules. On Line purchases must have a complete vehicle inspection performed following the sale.

TITLE ARBITRATION POLICY

1. 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.
2. 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.
3. 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, loss 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.
4. SELLER will NOT be paid for vehicles until a transferable title is received.
5. SELLER will NOT be paid for vehicles in arbitration unless or until arbitration is settled, and vehicles are sold.
6. Seller's Title Guarantee: The Seller warrants, represents and guarantees that he has and will convey a certificate of title, properly executed, valid in the state of California 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.
7. 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 72 hours before returning vehicles. Vehicle must be present on property when 72 hour Notice is complete.
8. 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 sold.
9. Titles received after **45** calendar days will be subject to a late title fees. All expenses to obtain the title will be charged to the Seller.
10. Auction will not be responsible for titles mailed from Auction and not received. Buyer has the choice of alternative delivery method and will pay Auction cost.

GRAY MARKET VEHICLES

1. *Previous Canadian vehicles that are calendar year and up to 4 years old **MUST BE ANNOUNCED.***
2. Unannounced **PREVIOUS CANADIAN** vehicles must be reported within seven (7) days of purchase

North Bay Auto Auction Structural Damage Policy

1. Sellers Disclosure Requirements - Seller must disclose structural damage, repairs or replacements 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 Measurement 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.

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 if less than 1", improper jacking or lifting or contact with parking abutments and/or road debris, provided that the vehicle is within the UVMS.

3. Measurement of Vehicle - 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.

4. Used Vehicle Measurement Standard - For purposes of arbitration under this policy the Used Vehicle Measurement Standard (UVMS) specifications are:

- The vehicle will measure to a total 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 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.

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,
- Measurement and arbitration fees incurred at the auction, and
- Reasonable transportation costs actually incurred transporting the vehicle to and from the Buyer's dealership.
- Post-sale inspection fees remain the responsibility of the buyer.

Component	Disclosure Requirement		
	Unibody	Unibody on Frame	Conventional Frame
1. Radiator Core Support – Including the upper and lower tie bars, center support or side baffles	None		
2. Frame Rails Extensions (Ears) – On frame vehicles that area at the end of the frame rail to which the bumper, reinforcement or isolators attach.	None		
3. Frame Rails – Including front, center & rear rails.	Existing or repaired damage, or replacement		
4. Spring Pod, and Torque Box or Stabilizer Mount	N/A	Existing or repaired damage, or replacement	
5. Cross members – Except Bolt-Ons	N/A	Existing or repaired damage, or replacement	
6. Apron/Upper Reinforcement Rails	Rails Existing or repaired damage, or replacement		None
7. Strut Tower	Existing or repaired damage, or replacement		None
8. Cowl Panel / Firewall – excluding cowl vent panel	Existing or repaired damage, or replacement		None
9. Support Pillars – “A”, “B”, “C” or “D” Pillars	Existing or repaired damage, or replacement		
10. Roof	Replacement		
11. Rocker Panel – Outer	Replacement		None
12. Rocker Panel – Inner	Existing or repaired damage, or replacement		None
13. Floor Panels	Torn and/or perforated if 1” or more, dented if deflected more than 2” or replacement floor panel		None
14. Quarter or Cab Panel	Replacement		None
15. Rear Body Panel	None		

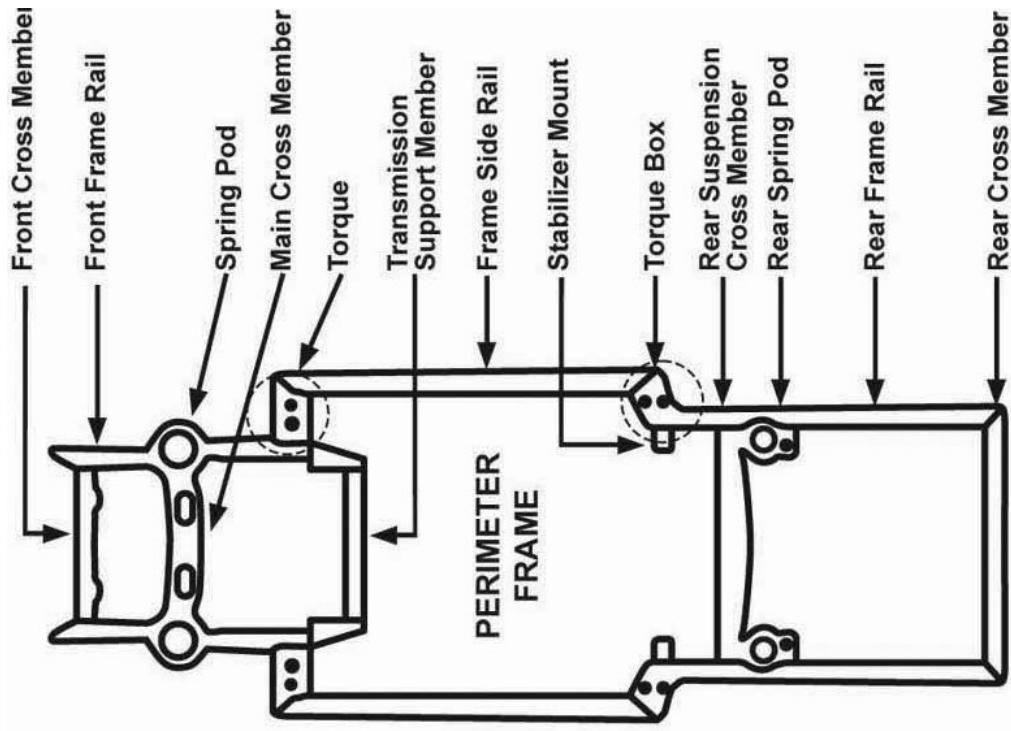


Figure 3

UNIBODY STRUCTURE

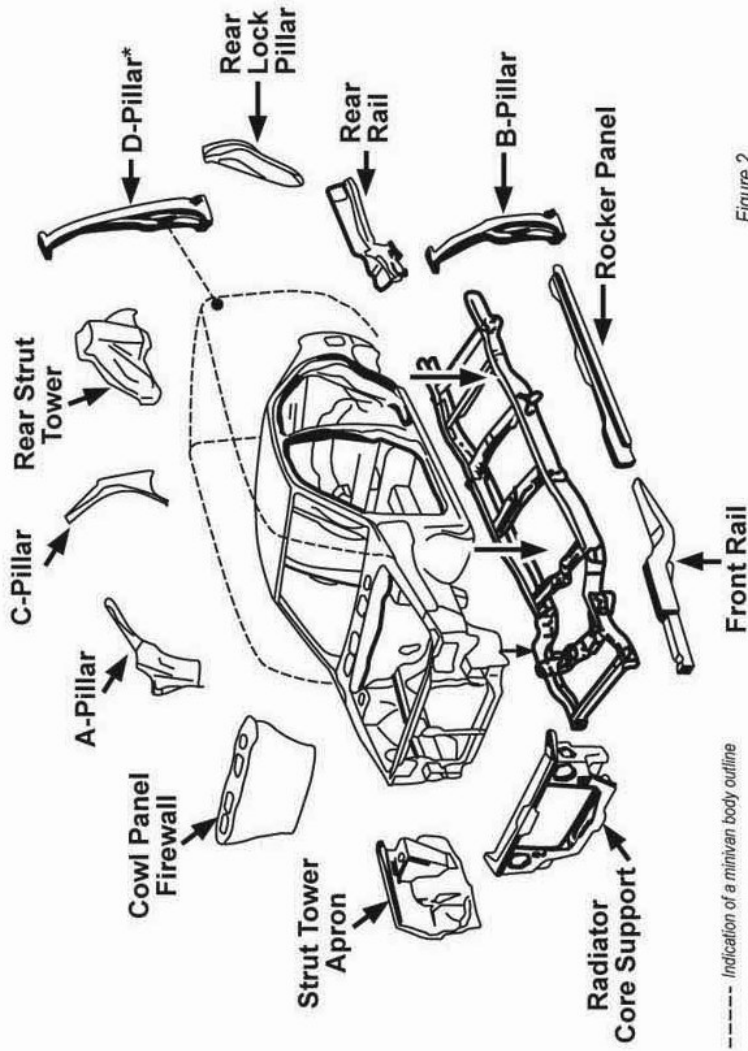


Figure 2

----- Indication of a minivan body outline
 * Common on minivans and CUV's

STRUCTURAL DAMAGE POLICY CLARIFYING POINTS

- Towing packages do not require announcement.
- Access holes for Paintless Dent Removal do not require announcement if $\frac{1}{4}$ " or smaller. Many PDR access holes in very close proximity or access holes greater than $\frac{1}{4}$ " need to be assessed on a case by case basis. Has the structural integrity of the vehicle been compromised?
- Damaged or replaced core supports are not arbitrable under this policy. Damage to the apron on a unibody in the area where the core support attaches may be arbitrable if significant damage or distortion has occurred. Will the unibody measure within the UVMS?
- Welded exhaust hangers are not arbitrable under this policy.
- Floor/trunk panels dented to a depth of 2" or more constitute structural damage and must be disclosed. Tears in these panels that separate welds, rivets or other bonds also must be disclosed.
- Roofs that have been re-skinned do not require disclosure. Roofs that have been cut off or removed and repaired must be disclosed.
- Quarter panel, rocker panel, floor pan, etc. damage to a ladder or perimeter frame vehicle is not structural damage and does not require disclosure.

Unibody	Unibody on Frame	Conventional Frame
<ul style="list-style-type: none"> - Strut towers will be present - Rails and floor welded together - No independent rail system - Aprons will be present - Core support typically welded to aprons 	<ul style="list-style-type: none"> - Unibody bolts to frame - Rails independently bolted to suspension and drive train - Has aprons - No strut towers - Rails tend to be a thicker gauge metal (iron) - Core support is typically welded to aprons 	<ul style="list-style-type: none"> - Body is not welded to frame - Rails independently bolted to suspension and drive train - No aprons - No strut towers - Rails tend to be a thicker gauge metal (iron) - Core support is typically mounted by bolts only