



Dealers Auto Auction of the Southwest

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POLICIES AND PROCEDURES

GENERAL POLICIES

1. Dealers Auto Auction of the Southwest (D.A.A.S.W.) is not open to the public, and only Licensed Motor Vehicle Dealers, or their authorized representatives may gain access to the auction and Dealer is strictly prohibited from bringing retail customers onto the Auction premises. Violation of this provision may result in immediate and permanent suspension of Dealer's privilege of conducting business with D.A.A.S.W.
2. All Dealers must be registered with the Auction and all paperwork completed before participating in Auction. Each Dealer must provide a legal and legible copy of the following to participate in auction :
 - A. A Dealer License in one or more states, or under similar laws of a country outside the United States, to sell motor vehicles.
 - B. State Sales Tax Certificate
 - C. A Federal Tax ID Number
 - D. A Salesman License for each authorized representative of Dealer.
 - E. A completed Dealer Application.
 - F. A signed copy of Terms and Conditions.
 - G. A signed copy of Policies and Procedures.
 - H. Be subjected to all the Policies and Procedures contained herein, and D.A.A.S.W. Terms and Conditions and other applicable auction rules, including but not limited to any D.A.A.S.W. rules, as a condition of doing business at the Auction.
3. Identification Cards and Bidder Badges will be issued to each registered dealer subject to terms and conditions and policies and procedures as authorized by owner or officer of Dealer.
4. Dealer agrees that Identification Cards and Bidder Badges are property of D.A.A.S.W. and if privileges are revoked, Dealer must return Identification Cards and Bidder Badges to the Auction to be destroyed by Auction.

5. If the seller designates a sale as an "if" sale before bidding begins on a Consigned Vehicle, or if the seller designates the sale as an "if" after bidding is finished with the consent and agreement of the highest bidder, the highest bidder is obligated to purchase such Consigned Vehicle for up to 24 hour(s) after the bidding is finished. All subsequent offers and counteroffers, once submitted, shall not be revoked within such time period.
6. All Consigned Vehicles must have a gate-pass before leaving the Auction premises and are subject to trunk inspection. D.A.A.S.W. may charge Dealer storage fees for all Consigned Vehicles purchased by Dealer and left on the Auction premises for more than 7 days.
7. Dealer's failure to comply with any or all of the Auction Terms and Conditions or Auction Policies may result in the suspension or termination of Dealer's privilege of transacting business with D.A.A.S.W. and its affiliates, as determined solely in the discretion of D.A.A.S.W.
8. No one under the age of 18 is permitted on the premises.
9. D.A.A.S.W. reserves the right to refuse to do business with any dealer in the sole discretion of D.A.A.S.W. management.
10. All vehicles must have properly affixed VIN Plates, or public VIN (re-assigned by the state)
11. All buses, motorcycles, motor homes, RV's, and watercraft are sold "AS IS" with no arbitration.
12. All "IF" sales are sold "AS IS".
13. D.A.A.S.W. will charge \$100.00 service charge per check on all returned check items.
14. Buyers are responsible to watch and listen for announced conditions, when in doubt ask the auctioneer. Windshield markings (Year, make, and model) are provided as a courtesy to the buyer. While every effort is made to insure accuracy, it is the buyers' responsibility to verify prior to bidding. "Buyer's" are cautioned to examine all vehicles before bidding, for the following:
 - A. Correct year of automobile.
 - B. Correct make of automobile.
 - C. Correct mileage of automobile.
 - D. Listen for Announced Conditions.

ARBITRATION POLICY

1. Announcements: Vehicles sold "AS-IS" are NOT subject to arbitration. No exceptions for structural damage or flood damage and emission control devices. All selling announcements shall be made by auctioneers only, and all representations by the seller must be announced through the auctioneer. It is the seller's obligation to fairly represent the vehicle and to correct any errors made by the auctioneer as to "announced conditions." It is the purchaser's obligation to watch lights and listen to "announced conditions." The following must be announced regardless of which light a vehicle is sold under, including "AS-IS":
 - a. Vehicles having miles over 100,000.
 - b. Odometer discrepancy, broken altered or changed.
 - c. Frame damage, damaged or repaired.
 - d. Flood damage.
 - e. Cracked blocks.
 - f. Diesels and diesel conversions.
 - g. Paint and/or body work.
 - h. Salvage vehicles.
 - i. Rebuilt vehicles.
 - j. Municipal and commercial vehicles.
 - k. Police Vehicles.
 - l. Taxi or Cab Vehicles
 - m. Rentals (if the title is currently in a rental companies name or seller has prior knowledge)
 - n. Canadian (If properly imported into the U.S.)
 - o. Recovered thefts.
 - p. Vehicles without air-conditioning.
 - q. Vehicles with missing, inoperable or deployed airbags.
 - r. Non four-wheel drive sport utility vehicles.
 - s. Prior repairs on current and one year old models
 - t. Missing or inoperative Airbags
 - u. Missing or, Altered Emissions
 - v. Major collision damage history
 - w. Lemon Law Vehicles
 - x. Vehicles not conforming to United States Department of Transportation ("DOT") or Environmental Protection Agency ("EPA") or similar state agency regulations or standards.

2. Mechanical Defect: Buyer must report any defect to the auction by end of business on sale day or arbitration rights are voided. Seller represents vehicle to be mechanically sound within \$300.00 on engine, transmission and drive line, rear end or front end drive, A/C compressor only.

3. Frame Damage: (7 days in State and 14 days out of State) Buyer must report any frame damage, repaired or not, unannounced at time of sale to the auction within 7 days for Arizona buyers and 14 days for out of state buyers. Sale day is day one. All vehicles must be returned to the auction within 7 days from the date reported or the arbitration is voided. Frame damage shall be defined as:
 - a. Damage to frame repaired or not.
 - b. Any body structure which would compromise the structural integrity, or cause safety problems for the vehicle.

Cosmetic or tie down damage will not be arbitratable, lowered or raised vehicles are not arbitratable for frame damage. The cost of independent frame inspection will be charged to the seller if frame damage is found and the buyer if no frame damage is found. Buyer is cautioned to not spend monies on repaired or reconditioning as only reasonable transportation expenses to and from the auction will be reimbursed at the Sellers expense.

4. Odometer: All vehicles 10 years old and older are EXEMPT from odometer arbitration Federal and State statutes apply. Seller must announce the following on all vehicles less than 10 years old.
 - a. Miles in excess of mechanical limits or miles exceed capacity of odometer.
 - b. Not actual miles (TMU) odometer is only or has been broken replaced or altered and does not reflect the actual mileage.

Broken Odometer not announced at time of sale must be reported to arbitration by end of business on sale day.

5. Title: All titles turned in for payment with brands are subject to arbitration. It is the Seller's responsibility to disclose a branded title at the time of sale. Every effort will be made to keep the transaction sold. Buyers have the right to unwind the sale for undisclosed branded titles. The State of Arizona will not accept repo paperwork, all vehicles must be titled. Sellers must provide properly executed title documents within 30 days of sale. By the 30th calendar day and upon close of business by that date. If the Buyer chooses to return the vehicle, the auction must be notified 24 hours in advance and during normal business hours. If the title has been received by the auction or will be received in a reasonable period of time the Buyer must keep the vehicle. If the vehicle is to be returned to the auction it must be returned in like or better condition of that at time of sale and checked in during normal business hours. Buyers are cautioned not to spend monies on repairs or reconditioning, or to add excessive miles, or resell vehicle until title is received. Up to \$500.00 in expenses can be

reimbursed to the Buyer from the Seller only with documented receipts.

6. Unpaid Units: If purchase is made and the Buyer fails to pay for the unit then the unit will be resold at the first available sale if the unit is on the premises. The Buyer will be responsible for any shortage arising from the resale. IF the purchaser fails to pay the resale loss or make provisions for the payment then the purchaser may be banned from the auction.
7. Complaints: All complaints and rejections must be handled through the arbitration office within 24 hour(s) after the vehicle crosses the block. Both buyer and seller must await the decision of the arbitration office before leaving the auction premises.
8. "AS-IS": Vehicles sold "AS IS" are not subject to arbitration except for:
 - a. Unannounced salvage title
 - b. Odometer discrepancies

The sale of any vehicle that has been arbitrated becomes an "AS IS" transaction. Purchase transactions not occurring at the block also shall be "AS IS" transactions.

9. Finality of Arbitration: No future arbitration will be permitted for any reason, with the exception of only the following:
 - a. Unannounced frame damage reported within 7 days (not including structural damage resulting from normal use, and scratches, scrapes, jack lift marks and minor tie down marks not resulting from an accident).
 - b. Unannounced flood damage reported within 7 days.
 - c. Unannounced vehicles with a salvage or rebuilt history reported within 7 days of receipt of title.
 - d. Cracked blocks reported within 24 hours after purchase.
 - e. Unannounced odometer discrepancy.
 - f. missing or inoperative EPA or DOT equipment must be reported by 12:00 noon on Friday the week of sale; and/or
 - g. Any major deletions or additions to the original or advertised production specifications.

Item (d) is not subject to arbitration for vehicles sold "AS IS." Items (e) and (g) must be reported by purchaser prior to leaving the auction premises. Dealer as "Buyer or Seller" agree that the NAAA arbitration will be the overriding document regarding any arbitration issues, and hereby agree that will be the final ruling guideline on arbitration and other disputes.

10. Return of Vehicle by Buyer: If after arbitration the vehicle is returned to the seller for failure to announce one of the conditions listed in (a) through (g) above, seller shall pay seller and buyer fees. Buyer must notify ADESA of its intent to return any vehicle to the auction 24 hours in advance.
11. Visible Defects: Visible defects are not subject to arbitration.
12. Inoperative Gauges: Vehicles with inoperative gauges or lights, except for odometers as set forth above, are not subject to arbitration.
13. Arbitration Decisions: Decisions of management of ADESA will be final on all arbitration.
14. Payment for Vehicles: D.A.A.S.W. is not obligated to pay for any vehicle for any reason.

LIGHT SYSTEM

GREEN LIGHT

The "Seller" represents vehicle to be mechanically sound, and not to have any single mechanical defect including but not limited to:



- a. Engine
- b. Block
- c. Rods
- d. Crank
- e. Transmission and drive line, Automatic, Manual Clutch
- f. Rear end or Final Drive
- g. Front drive
- h. CV Joints and Axles
- i. A/C Compressor Engages (Does not have to blow cold)
- j. Instrument Lights such as check engine, airbag, or ABS, are not in any of themselves arbitratable.

YELLOW LIGHT "DECLARATIONS"

Vehicle is sold with pre-announced declarations which are not subject to arbitration. "Buyer" is cautioned to listen for ANY announced conditions of sale. This includes but not limited to:



- a. Frame
- b. Salvage
- c. Mileage Discrepancy
- d. Lemon Law

RED LIGHT
"AS IS"

Vehicles sold "AS IS" are sold in their existing condition, with all faults, and without modification. Seller and Auction disclaim all implied warranties, and each are relieved from liability for any defects existing in the vehicle. The following vehicles must be announced and sold "AS IS":



- a. Vehicles having 100,000 miles or more
- b. Salvage vehicles
- c. Police cars
- d. Cabs
- e. Municipal vehicles
- f. Motor-cycles
- g. Boats
- h. Trailers
- i. Recreational vehicles
- j. Modified and off-road vehicles
- k. Branded Title
- l. Flood

Guarantee: The undersigned Dealership and Personal Representatives of the undersigned dealership do hereby both jointly and severally guarantee payment to D.A.A.S.W. and liabilities arising from this policy and procedures document. This applies to both Buyer and Seller.

LEGAL NAME OF ENTITY (CORP/LLC/LLP/INDIVIDUAL)

TRADE OR DBA NAME OF ENTITY

PRINTED NAME OF AUTHORIZED SIGNER (OWNER/OFFICER/MANAGER)

WITNESS/ATTESTER:

TITLE OF AUTHORIZED SIGNER (OWNER/OFFICER/MANAGER)

SIGNATURE OF AUTHORIZED SIGNER (OWNER/OFFICER/MANAGER)

DATE:

SIGNATURE OF AUTHORIZED AGENT OF DEALERS AUTO AUCTION OF THE SOUTHWEST

DATE: