

BookSheet Sale Policies

Introduction

These policies form the basic agreement between the buyer, seller and ABS Auto Auctions. All buyers, sellers, and their representatives who do business through ABS Auto Auctions are deemed to have read, know, understand, are subject to, and bound by these policies, as they may be amended from time to time. Lack of knowledge concerning these policies will not release dealers or their representatives from their obligations to abide by them. ABS Auto Auctions reserves the right to change or amend these policies as needed, at any time. ABS Auto Auctions also reserves the right to interpret these policies, and to decide all issues of dispute concerning same; ABS Auto Auction's decisions shall be final and binding.

It shall be the responsibility of all dealers and their representatives to review and be aware of these policies and any other rules of the ABS Auto Auctions program, including any revisions thereto, before doing business with ABS Auto Auctions. Dealers and their representatives, who do not comply with these policies and other rules of ABS Auto Auctions, may be barred from doing business with ABS Auto Auctions. These policies shall be the general policies of ABS Auto Auctions for all transactions, unless specific vehicles are subject to special programs, in which case the terms of the special program shall control the extent they are different from or additions to these policies.

ABS AUTO AUCTIONS IS A PRIVATE BUSINESS THAT IS NOT OPEN TO THE GENERAL PUBLIC. ACCESS IS BY INVITATION ONLY. ABS AUTO AUCTIONS RESERVES THE RIGHT TO REFUSE TO DO BUSINESS WITH ANYONE, AND TO REFUSE ACCESS TO ANYONE AT ANY TIME.

Registration

The following documents are required to complete the registration process:

1. Current Dealer's License (must be for the address of the business).
2. Current Seller's Permit (showing sales tax number for address of the business).
3. Completed and signed Resale Card.
4. List of authorized buyers.
5. Provide annually, current copies of dealer's license and bond.

General Auction Guidelines

1. ABS Auto Auctions reserves the right to interpret all policies and to decide all issues of dispute. ABS Auto Auction's decisions shall be binding and final.
2. No person under 18 years of age is allowed an online bidding password.
3. Free copies of ABS Auto Auctions policies and procedures are available online at www.absautoauctions.com, each sale branch location, or call the administrative office to have a current copy mailed to your business.
4. Tampering, vandalism or destructive behavior will not be tolerated.
5. Any issue brought to ABS Auto Auctions after the allowed time frame will not be arbitrated.
NO EXCEPTIONS!
6. Book sheets and announcements are provided as a tool for bidding. This information is to be relied upon as complete and accurate, and is subject to arbitration.
7. All vehicles are sold as frontline ready unless stated otherwise.
8. All vehicles sold carry a 48 hour inspection period from the time of delivery (not including weekends and holidays).
9. All confirmed arbitration will be allowed the following options:
 - a. Agreement of a mutual adjustment between both parties.
 - b. Cancel sale and return vehicle (with allowed expenses outlined in specific areas).

General Seller Responsibility

1. Complete disclosure of vehicle to include the following:
 - a. Provide a "Frontline Ready" safety checked vehicle (this does not guarantee a smog certificate)
 - b. Accurate Booksheet
 - c. Accurate vehicle color
 - d. Current Odometer Reading
 - e. Certified (meets manufacturers' certification requirements)

- f. Any and All Paintwork (Bumpers excluded)
 - g. Scratches, Dents or Dings that affect the value of said vehicle
 - h. Rental Car
 - i. Out of State Title
2. If sale is cancelled due to arbitration guidelines and vehicle is returned, seller will be charged the round trip transportation charge associated with the sale.
 3. If any final sale is cancelled at seller's request because of a retail sale, the seller must notify ABS immediately by phone, and provide ABS with a copy of the report of sale, for documentation to the winning bidder. If the seller does not report a retail sale, they may be charged a \$25 "dry run" transportation charge if applicable.
 4. If a vehicle is entered into arbitration, seller will provide ABS with a copy of the repair order and be given the following options:
 - a. Have vehicle inspected.
 - b. Offer an adjustment.
 - c. Unwind the sale and have the vehicle returned (seller will be responsible for transportation both ways)
 5. All "IF" bids/offers on vehicles that meet the sellers reserve price by 6pm on the day of the sale will be drafted as a binding sale. After 6pm, seller has the right to refuse the offer or sale amount.

General Buyer Responsibility

1. All sales are final when vehicle has been properly represented by seller.
2. Failure to honor bid(s) may result in termination of conducting future business with ABS Auto Auctions. Buyer will honor all accepted bids/offers/"ifs" approved by the selling dealer that occur on or before 6pm on the day of the sale.
3. Read all announcements/disclosures on the booksheet of the vehicle prior to bidding.
4. Verify the year, make, model, mileage, and represented condition of vehicle within the 48 hour inspection period from the time of delivery.
5. Assume a deductible of \$400 on all cars purchased for any unannounced items necessary to make the vehicle retail ready or certifiable (being able to meet manufacturer's certification requirements).
6. The \$400 deductible does not apply to normal smog and safety related expenses on fresh trades/fleet lease vehicles. The deductible for these vehicles is \$500 for normal smog/safety expenses. Tires/brakes are not covered on Fresh trades/fleet lease vehicles.
7. Any fraudulent expenses reported will result in buyer not being paid, and may result in termination of conducting future business with ABS Auto Auctions.
8. If sale is cancelled, vehicle must be returned to selling dealer within 3 business days following contact and approval by ABS.
9. If sale is cancelled, vehicles must be in like or better condition, miles not to exceed 25 miles (transportation mileage excluded).

General Arbitration Rules/Procedures

Buyers are responsible for submitting any vehicle into arbitrations that fails to the ABS Auto Auctions guarantee or any vehicles misrepresented from the booksheet in which the vehicle was purchased. When the buying dealer receives the vehicle, it must be inspected within 48 hours of delivery (excluding weekends/holidays). Upon inspection, if discrepancies occur, the buying dealer is required to fill out an ABS arbitration form (can be obtained on the website @ www.absautoauctions.com or from your sales rep) and fax it to the arbitration department. Phoning in an arbitration to your sales rep does not constitute filing an arbitration with ABS, the arbitration must be submitted to the arbitration department. We at ABS know that all dealers have their own set of standards and it cannot be expected that everyone reconditions their vehicles to the same level of standards. Also, remember that the cars sold through our auction are pre-owned vehicles and cannot be expected to be in brand new condition.

If the selling dealer does not think the arbitration presented from the buying dealer is legitimate, he may request an ABS Auto Auction representative to view the vehicle to confirm the complaint. The buying dealer is required to support the complaint with an estimate of repairs for mechanical items.

The selling dealer pays transportation both ways (to intended buyer and back to selling dealer) for vehicles returned for arbitration reasons. Whether that be because buying dealer refused vehicles, the two parties could not agree on an arbitration amount, or the selling dealer requests their vehicle be returned. A transportation service was rendered and the fees will be due once the vehicle is returned to the selling dealership.

It is standard ABS Auto Auctions procedure to automatically adjust any vehicle "misbooks" misrepresented on a selling dealerships booksheet that is \$500 or less. In the event of this situation, the vehicle will be re-booked, adjustments will be made and both parties will be faxed a new draft reflecting the revised price. *** All Rental Fleet/Lease vehicles are exempt from this procedure. Once ABS arbitration is notified of the misbook, they will notify the selling dealer, confirm approval of the adjustment and then notify the buying dealership of approval or denial.

Definitions of Equipment Adds

Custom Bumper: A bumper that the manufacturer charges extra for on the MSRP or dealer invoice. A bumper that is installed after the purchase of the vehicle and has more value than the original bumper. In the case of a truck that bumpers are not standard equipment, any bumper added is considered custom. On most SUV's a bumper is included in the base price of the vehicle.

Premium Wheels: A premium wheel is considered to be more valuable than an alloy wheel. A factory alloy that has been chromed is a premium wheel. An aftermarket wheel is not always considered premium. It must be of high quality. A steel wheel that is chrome is not considered premium (example: Ford, Dodge, and Chevrolet trucks have chrome steel wheels that are a less expensive option than an alloy wheel option). These wheels will not get a premium add, but an alloy wheel add is acceptable.

Premium Sound: This add is for a stereo system that the factory charges as an upgraded sound system. For example: Bose, Infiniti, Mach, Harman Karman, Monsoon, or Toyota's Triple Sound System. Aftermarket sound systems must be of "high quality" in order to receive this add.

Wide or Oversized Tires: Tires must be a larger than the standard size offered by the factory. For example: 17" tire and wheel option on a Ford F150 or Expedition. Aftermarket tires that are taller or wider than the factory original equipment must not affect the operation or calibration of the vehicle. In order to receive the equipment add, tires must be at least 4/32's even wear tread depth. Cupping on a tire is unacceptable. Example: Wide tires must be 2 sizes up from factory specs.

Sun and Moon roof: Must be a power slider. A moon roof is clear and a sunroof is solid. ** Aftermarket roofs must be disclosed on the booksheet.

Rental & Out of State Disclosures

The selling dealer is responsible to disclose **previous rental** status. If the discloser is not made, the buying dealer may return the vehicle or arbitrate the selling price and request the standard adjustment of \$200 (Which will be treated as an automatic misbook under \$500). Buying dealer is responsible for checking previous rental status when receiving the vehicle or when they receive their copy of the Carfax/Auto check with their ABS draft and notifying the ABS arbitration department within the 48 hour arbitration period.

Out of State/Country vehicles must be disclosed by the selling dealer. The buying dealer is responsible to check when receiving the vehicle or their copy of the carfax/auto check with their ABS draft and notifying the ABS arbitration department within the 48 hour arbitration period. The buying dealer has the option of keeping the vehicle or returning it to the selling dealer.

Carfax and Autocheck

A Carfax or Autocheck report will be provided to the buying dealer at the time of the draft. The report provided will be what is requested by the buyer and the report the buying dealership uses for their retail customers. Any discrepancies on the report are the responsibility of the buying dealer to confirm and report to the ABS arbitration department within the 48 hour arbitration period. Any future reporting turned into Carfax or Autocheck after the 48 hour arbitration period are not eligible for arbitration. The only report that ABS will consider binding is the report provided at the time of draft.

THE FOLLOWING ITEMS ARE GUARANTEED BY THE SELLER AND THE \$400 DEDUCTIBLE DOES NOT APPLY.

Accurate BookSheet

Seller Responsibility

1. BookSheets are to be current and complete. Booksheets containing inaccurate information become eligible for immediate arbitration.

Buyer Responsibility

1. Notify ABS within the 48 hour inspection period.

Current Odometer Reading

Seller Responsibility

1. Verify the current miles on the vehicle you are selling.

2. If announced mileage is inaccurate enough to affect the book value, it becomes eligible for arbitration (**transportation mileage excluded**).
3. If announced mileage is inaccurate and makes the vehicle un-certifiable (when announced certifiable), then it becomes eligible for arbitration (**transportation mileage excluded**).
- 4.

Buyer Responsibility

1. Transportation mileage may affect the book value of a vehicle, be aware of this when bidding. If the transportation miles are what change the book value, it is not eligible for arbitration.
2. If the transportation miles affect the certification requirements, it does not become eligible for arbitration.
3. Notify ABS within the 48 hour inspection period, or upon receipt of proof with documentation.

Paintwork and Body Conditions

Seller Responsibility

1. Announce all paintwork and dents on the front of the booksheet (bumpers are excluded).
2. Bumpers can not have broken clips or major damage causing replacement. Bumpers excluded from arbitration for paint, scratches and minor dents.

Buyer Responsibility

1. Notify ABS within the 48 hour inspection period.

Certified

Seller Responsibility

1. If announced as being certified (meets manufacturer certified requirements) and it is not, then it becomes eligible for arbitration (transportation mileage excluded).
2. Certified vehicles must have 4 matching tires, 2 keys/remotes, floor mats & owners manual.

Buyer Responsibility

1. Buyer must notify ABS within the 48 hour inspection period.

Vehicle Standards

In order for vehicles to qualify for the BookSheet sale, the following requirements must be met:

Frontline Ready Vehicle - A used vehicle that has been safety checked by a new car dealer, is in good to excellent condition and is ready for retail sale.

1. Engine
 - a. Vehicle must pass California smog requirements. (A smog certificate is not guaranteed by the selling dealer)
 - b. Belts and hoses must be free of visible cracks (Fresh Trades Excluded).
 - c. Aftermarket equipment (such as superchargers, turbo, air induction systems, free flow exhaust and any item that may impede sale or smog of the vehicle) must be noted at time of sale.
 - d. Performance must meet factory standards.
2. Transmission and Centrifugal Velocity Joints (CV)
 - a. Automatics
 1. Automatics must shift properly through all gears (forward, passing and reverse) and be free of excessive universal joint noise.
 2. Overdrive and power modes must shift properly.
 - b. Manual Transmissions
 1. Clutch, pressure plate and throw out bearing may not have slippage or chatter.
 2. Must have ease of shifting throughout the shift pattern, including all forward and reverse gears.
 - c. Four- Wheel Drive
 1. Transfer cases must be in full functioning order according to factory specifications.
 2. Any modifications must be announced on the booksheet and/or details page of the website.
 3. Vehicle must shift from two wheel drive to four wheel drive upon demand.
 - d. CV Joints.
 1. Must be in full and functioning order.
 2. Boots may not have cracks or tears (fresh trades excluded).
3. Rear-end noise level may not be excessive according to manufacturer's decibel standards.
4. Braking Systems
 - a. ABS braking systems must be in full operating order. This includes pumps, lines and hoses.
 - b. Brake shoes must be at 50% minimum (Fresh Trades Excluded).
 - c. Brake pads must be at 50% minimum (Fresh Trades Excluded).
 - d. Rotors must be at 50% minimum and able to be turned in the event of brake vibration (Fresh Trades Excluded).

- e. Parking brake must set and hold vehicle.
- f. There may not be any excessive pedal or chassis vibration during braking (Fresh Trades Excluded)
- 5. Steering/Rack and Pinion
 - a. Steering pump must be free of leaks and pressure fissures.
 - b. Rack must be in factory working order and free of sticking and hesitation.
- 6. Interior Electrical
 - a. Air conditioning unit must be in full working order (Including pump, condenser, high pressure hoses and switches).
 - b. Cruise control operations must work properly.
 - c. All wipers, front and rear, must work properly.
 - d. Audio system must work on all bands, including compact disc (if equipped).
 - e. Electric windows must operate at all switching points, including master controls.
 - f. Sunroof/Moon roof must open and close.
 - g. Seats must work in all positions.
 - h. Heated seats must be in operating order.
 - i. Seat belts must be in good condition and work properly. They must also have full range of extension and retraction as specified by the manufacturer's standards.
 - j. Gauges must be in proper working condition.
 - k. Seats and carpets must be free of rips, tears or burns.
- 7. Exterior Electrical
 - a. Headlamps must function at high and low beams.
 - b. Taillights, brake lights and turn signals must operate properly.
 - c. Emergency four-way flashers must be functional.
- 8. Tires and Wheels
 - a. Tires must have a minimum of 4/32 even tread life.
 - b. All vehicles must have two matching tires per axle. (Certified excluded, must have 4 matching tires)
 - c. Spare tire, tools and jacks must be present in vehicle.
- 9. Frame
 - a. Must be free of non factory welds, cracks, excessive bends or tears. (This includes replaced ¼ panels)
 - b. Core support must be free of damage.
 - c. Frame rails must be free of welds, tears or rips (minor jack damage does not constitute frame damage).
 - d. Clamp marks due to a vehicle being put on a frame machine is arbitratable
 - e. Altered suspension must be announced. (Announce alteration type, body/suspension, and total inches) Arbitration pending approval by buying dealers service dept.
- 10. Body Exterior
 - a. Body must be free of dents requiring body filler.
 - b. Repaint of any panel must be announced (bumpers are excluded).
 - c. Scratches to the metal must be announced (buffable scratches excluded)
 - d. No excessive rust or corrosion under body or in the engine bay.
- 11. Glass windshields must be free of cracks, non repairable chips and any damage that may obstruct vision.
- 12. Keys, Keyless Entry & Security Systems
 - a. Must have at least 1 master key.
 - b. If equipped with factory installed keyless entry/security system, must have at least 1 remote.

ABS Pre-Inspection

An ABS representative will come out and inspect a dealer's booksheets at his request. Those booksheets must be exclusive to ABS until after the auction. And the booksheets must be faxed into ABS by 5pm on Monday to guarantee a representative will be available for inspection.

We have found that 80% of all arbitrations are due to cosmetic issues. ABS will provide you with this **free service**. If any cosmetic issues are missed by our representative causing the vehicle to be arbitrated, the selling dealer has the option to have his vehicle returned to him free of charge (ABS will pay the round trip transport). However, ABS is not liable for the vehicles transaction.

Fresh Trade

1. A used vehicle that has been traded into a new car dealer that has not been smog and safety checked, but is in good to excellent condition.
2. Any expenses related to normal smog and safety check requirements will not be considered in the buyer's \$500 deductible. The \$500 deductible applies only to visual unannounced repairs.
 - A. Normal smog and safety check requirements are to include, but not limited to:
 - a. Brakes
 - b. Oil Change
 - c. Air Filter
 - d. Tune-Up
 - e. Trans Service
 - f. Coolant
 - g. Small light bulbs

- h. Batteries
- i. Belts and Hoses

Seller Responsibility

1. Announce any Major mechanical issues (Engine, transmission, drive train)
2. Announce any cosmetic issues (interior & exterior) over \$500 in repairs

Buyer Responsibility

1. Notify ABS within the 48 hour arbitration period.

Guarantees/Arbitration

As an accommodation to its customer, ABS provides arbitration services for disputes that may develop between dealers, in connection with undisclosed conditions or breach of guarantees that may exist on vehicles that are sold through the ABS Auction. Such arbitration services shall be performed at the discretion of and pursuant to the arbitration policies of ABS, providing the amounts in question exceed the \$400 deductible for frontline vehicles & \$500 deductible for fresh trades as described in the buyer's general responsibility. In order to enter into arbitration, the buyer must give ABS notice of the undisclosed condition or breach of guarantees within 48 hour time specified herein, depending upon the type of condition or breach of guarantee. If the buyer **fails** to give notice within the specified time frame, ABS shall have no duty or obligation to provide arbitration service, and the **sale will be final.**

Title

Seller Responsibility

1. Provide a KSR or current registration, along with title and corresponding paperwork. If KSR or current registration is not provided, ABS Auto Auctions will charge a \$10.00 fee.
2. Provide a title that is marketable and free and clear of all liens and encumbrances at the time vehicle is sold through ABS Auto Auctions.
3. Title documents from all 50 states are acceptable, providing non California titles are announced in the details page.
4. All penalties and fees associated with expired registration must be paid. This does not include current year's registration. (Excluding vehicles in dealer inventory at the time the penalties became due)
5. All repossession fees are the responsibility of the selling dealer. The buying dealer will be reimbursed.
6. Provide title to ABS Auto Auctions within 30 days of sale date. All titles over 30 days are subject to sale being cancelled.
7. If sale is cancelled by ABS Auto Auctions for late title, seller will be charged for expenses up to \$750.00.
8. If sale is cancelled, seller responsible for round trip transportation charges.

Buyer Responsibility

1. Any and all unannounced title issues must be reported within **5 business days** of receipt of title. (Excludes those that were reported on the carfax/autocheck at the time of the draft. Those should have been reported during the 48 hour arbitration period)

Auction Responsibility

1. ABS Auto Auctions will examine all titles. If correct, title will be processed. If incorrect, title will be returned to seller for completion.
2. ABS Auto Auctions may, at its discretion, cancel the sale or take the necessary steps to secure title, if seller is unable to produce title within the allowed 30 day time frame. All expense in obtaining the title will be charged to seller.

Payment

Buyer Responsibility

1. Payment is required by 10:30 am one day after a copy of the title has been presented, and after the 48 hour arbitration period is complete.
2. All checks must follow the guidelines below:
 - a.) Made payable to ABS Auto Auctions.
 - b.) Include buy fee and with purchase price of vehicle.
 - c.) One check per vehicle transaction.
 - d.) Any returned check must be replaced within 2 business days and will be charged a \$100.00 fee.

Seller Responsibility

1. Overnight title and reg. documents to ABS Auto Auctions after the 48 hour arbitration period is complete.

Auction Responsibility

1. ABS will overnight payment no later than 48 hours after title is received and the 48 hour arbitration period has expired.
2. Checks sent to ABS short of the net amount due on the buying dealers draft are subject to release of title on that vehicle.

The following items are unacceptable and will not be allowed. If any of these items are found to be true, and a vehicle does sell, the arbitration period does not apply, and the selling dealer is responsible for any and all charges incurred to the buying dealer, plus round-trip transportation charges. The selling dealer will also pay ABS any additional expenses incurred in verifying the buyer's claim.

Odometer

1. **EXCEEDS MECHANICAL LIMITS (EML)**: Vehicles with mileage in excess of the mechanical limits of the odometer should not be assumed to have any specific mileage.
2. **NOT ACTUAL MILEAGE (NAM)**: Vehicles with actual mileage that is different from what is shown on the odometer, or true miles are unknown.
3. **BROKEN or INOPERABLE ODOMETER (INOP)**: Broken, inoperable or replaced odometers must be announced, regardless of other announcements. NAM will be marked on the odometer disclosure statement.

VIN Plates

1. Any missing, altered, replaced or reassigned vehicle identification numbers on dash or body panels.

Frame Flood, Fire, Engine Changes, Fuel Conversions & Inop Air Bag

Frame/unibody damage will be defined by ABS Auto Auctions with reference to the NAAA standards. Scrapes, scratches, jack/lift marks, clamp marks, minor corner tie-down marks not resulting from an accident, core support damage, damage in front shock towers on unitized bodies not affecting integrity and if vehicle measures to NAAA standards are non-arbitratable. Bumper and trailer hitches welded to frame are not considered frame damage. Vehicles with altered suspension are not subject to frame arbitration if damage is from alteration.

Title

The following documents are not acceptable

1. Duplicate title applications.
2. Junk or Salvage Bill of Sale.
3. Lien documents and government sale documents.
4. Gray Market vehicles, including Canadian vehicles, or vehicles that do not meet USA standards.
5. Out of state titles that are not announced.
6. Paperless title certificates or transfers.
7. Theft recovery or branded titles (example: salvage, police, taxi, rental, kit car, lemon law and factory buy backs).