

DEALERS' CHOICE AUTO AUCTION

Policies and Procedures for Wholesale/Retail Dealers

The following are the policies and procedures, as well as terms and conditions, acceptable to Dealers' Choice Auto Auction. Updated June 10 2009

1. General:

- A. Dealer check-in: All prospective bidders **MUST** check in. Upon check in, prospective bidders will be issued bidder's badge
- B. Sale Day: The Auction will take place every Monday starting at 11:30AM.
- C. Office Hours: Monday through Friday 8:00AM to 5:00PM
- D. Preview Day: Thursday and Friday 9:00AM to 4:00PM
- E. Vehicle Pick-Up: Monday through Thursday 9:00AM to 4:00PM
- F. No vehicle may leave Dealers' Choice without an authorized stamped gate release.
- G. All sold vehicles must be removed from Dealers' Choice by 5:00pm Wednesday following the sale. **NO EXCEPTIONS.**
- H. Starting Thursday following the auction, there will be a \$25.00 a day storage fee assessed to buyer/seller for vehicles left on our lot.
- I. Any personal vehicles left on lot of dealers choice must be removed by the close of business or will be towed at the owner expense.
- J. No person under 18 years of age allowed.

2. Registration:

- A. Dealers must be registered prior to attending the auction.
- B. No registration on day of sale.
- C. Dealers must check in and be issued a bidders badge.

3. Payment/Check Policies:

- A. All vehicles are to be paid for on sale day. A late payment fee of \$100.00 per car will apply for all unpaid vehicles not paid on time.
- B. No cash accepted.
- C. Checks returned by the bank for any reason will be charged a fee of \$100 per occurrence, and subject to payment by cashiers check only.
- D. No vehicles will be delivered to successful bidders (Buyer) until payment has been made by Cashiers' Check or, upon prior Company approval, payment made by Buyers check.

4. Title Policies:

- A. Dealers' Choice guarantees title.
- B. All vehicles with late titles (i.e. 60 days and older with a 72 hour notice) are subject to unwind. When 72 Hour Notice is returned, vehicle must be @ Dealers' Choice **on or before** the 72nd hour.
- C. Late title fee of \$125 will be assessed on the 46th day after sale for all cars without titles, and at 60 days old, a penalty of \$125 will be assessed with the possible chance that vehicle will unwind with unwind expenses or adjustment to the buyer.
- D. All titles will be examined by Dealers' Choice and if correct will be processed. All incomplete titles will be returned to seller unprocessed.
- E. Seller will be paid within 48 hours of title being processed.
- F. Branded title issues, unless announced at time of sale, may be arbitrated.

- G. Any and all penalties due are to be paid by seller and will be deducted from the seller's check.
 - i. Titles must include the following: Current title signed in proper places with date and miles left blank. Current registration or copy is acceptable if not available then a current KSR is required.
 - ii. All other necessary paperwork with NO mistakes or cross outs on the 262's. All out of state Titles must include a KSR and a 262 from the selling dealer.
- H. Seller shall deliver title or Reg. 227 to Auction within sixty (60) days from the sale of the vehicle.
- I. In the event the Seller fails to produce title, Buyer may return the vehicle to the Auction for refund subject to the terms herein.
- J. All vehicles shall have titles issued by one of the fifty states.
- K. In no event will the Seller be responsible to the Buyer in any amounts in excess of \$400.00 on account of costs or expenses occasioned by expired registration, failure by Company to deliver title to the vehicle, or other events.
- L. Company shall be deemed to have satisfied its obligation to deliver title by delivering the following to the Buyer: Duplicate titles or applications, Junk or salvage certificates, Lien sale documents or Paperless titles and transfers.
- M. Dealers Choice is not responsibility for delivery of title, you must pick up your own title or we will delivery at your expense, by either US Mail or courier service. As per DMV we are not responsibility for delivery title by US mail or by Courier Service this is only connivance to you and will be sent at your expense. Any title sent Via US Mail or Courier Service, Dealers Choice will not be held accountable If title is lost But Dealers Choice will help reconstruct a Duplicate Title at your expense.

5. Delivery of Vehicles:

- A. In the event payment is made by cashier's check, the vehicle will be delivered as soon as practical. In The event payment is made by other than cashier's check, delivery will occur only upon clearance of Funds. In the event of payment other than by cashier's check, Company will notify the Buyer that said funds have cleared. Upon said notice having been given to Buyer, Buyer must pick up the vehicle within two (2) days form the date of said notice. In the event Buyer fails to pick up the vehicle as required, Company may exclude Buyer from future sales. In the event Buyers check does not clear normal banking channels, the bid will be deemed rejected, and Company may exclude bidder from future auction sales.

6. Reservations:

- A. Company has the right to reject any bid at any time. Company also has the right to change Policies and Procedures, as well as terms and conditions, at any time.
- B. **Buyers that agree to an "IF" offer bid on the block have bound themselves to that vehicle and Price until 5:00 pm the day of the auction, no exceptions!**
- C. Dealers' Choice Auto Auction has the right to refuse service to any dealer at any time.

7. Arbitration Policies:

- A. All vehicles that are announced guaranteed have a sale day guarantee only on mechanical (Engine, Trans and Differential) only internal lubricated parts and any computer or components that run these systems, and now also includes Convertible tops. You must return this vehicle by 5:00pm on sale day, or you have the option to do a post sale inspection at your expense. The cost is \$75 and the Inspection is done by Auction Auto Prep. The inspection includes Mechanical on Engine, Trans, Differential, Frame, and convertible tops, if you do a post sale inspection this gives you a 5 day warranty from day of sale. If problem found you must return it by Friday at 5:00pm or you own the vehicle.
- B. Frame damage is a part of a guaranteed vehicle you can arbitrate this up until 7 days from sale, unless frame announcements were made while vehicle run thru the auction block.

- C. Issues with Frontline vehicles must be brought to the attention of Dealers' Choice Auction via fax by 5:00pm on the Wednesday following the sale. Arbitration forms are available at the Auction or on our web site at www.dcautoauction.net. (All front lines vehicles must be in safe running condition; this includes brakes, tires and other related safety components. All cosmetics must be inspected by the purchasing dealer and will not be arbitrated.
- E. All discrepancies with Auto check may be arbitrated upon verification of said discrepancies. Accidents reported to Auto check are can not be arbitrated, unless it includes frame damage.
- F. Any mileage discrepancy reported buy Autocheck must be from Dept of Motor Vehicles only. We do not arbitrate because of Service reports, Smog reports or service contract reports.
- G. **We do not arbitrate any items reported to Carfax.**
- H. **Our inventory now includes VIN #'s, please run Carfax reports before you purchase any vehicle or vehicles so you can determine if carfax report is ok for your dealership.**
- I. All branded title issues not announced at time of sale, may be arbitrated. (please see timelines)
- J. "As Is vehicles MAY have issues/problems including, but not limited to, engine, transmission, or Differential drive train, As Is vehicles CAN NOT BE ARBATRATED
- K. Dealers' Choice Auto Auction assumes no responsibility for incorrect emblems on vehicles. This matter can not be arbitrated. Unless vehicle is misrepresented during the auction, announced on auction block.
- L. Book sheets are for informational purposes only. Book sheets WILL NOT BE ARBITRATED.
- M. Speedometer does not have to be functional. But odometer must be functional at all times.
- N. Supplemental restrain systems (SRS) /Air bags lights that are able to be reset are can be arbitrated sale day only. If you challenge that the system is over the \$400 cost you may do so, but if the expense of the repairs do not exceed \$400 the buyer is responsible for all inspection fees. SRS/Air bags that exceed the \$400 in repairs from a franchised dealer can be arbitrated up until Thursday 12:30. Any cost that includes the inspection of the system and all fees that pertain to this inspection on the said vehicle being arbitrated will be charged to the selling dealer. If costs to repair the SRS/Air Bag system are \$400 and under, it is then the buyers responsibility for this cost and the buyer must pay for the inspection and all costs that include the inspection and arbitration fee. Over \$400 the sale can be canceled unless the buyer wants to make adjustments and seller agrees to these adjustments.
- O. Emissions/Smog is not guaranteed to pass any inspection or certification but the equipment must be present. (Gross Polluters are subject to return if not announced, and any part or systems that have been modified, missing or disconnected)
- P. Dealers' Choice Auto Auction is not responsible for face plates, CD magazines, head phones, remote controls, convertible tops, Navigation Disc, Keys or remotes.
- Q. The decision of the Arbitration Department is final and binding on both the Buyer and Seller. Arbitrations are limited to one per vehicle; therefore all concerns should be included in the initial arbitration claim The auction reserves the right to assess a \$75 arbitration fee to the Buyer if an arbitrated claim is deemed to be not valid. If the arbitration is valid, the auction reserves the right to assess a \$75 arbitration fee to the Seller.
- R. Vehicle or vehicles that have been driven more than 50 miles can not be arbitrated. This is vehicles that have not been signed up for a post sale inspection and have been removed sale day, and returned sale day before the 5:00pm deadline. This excludes any vehicles that have had a post sale inspection and on any frame damage vehicles.
- S. Any modified, missing or disconnected components must be noted prior to leaving lot. **SALE DAY ONLY.**
- T. Any warning lights that come once the vehicle leaves the lot, this vehicle can not be arbitrated. Unless Lights have been reset or altered.
- U. Post sale inspections are available at a fee of \$75, once vehicle has left Dealers' Choice's property all post sale inspections are not available.
- V, Convertible tops must operate to Factory specs. Or vehicle can be arbitrated subject to a post sale inspection or before the vehicle leaves the lot.

8. Buyer's Responsibility:

- A. Owner/Principal of company conducting business is responsible for any and all transactions conducted by authorized buyers.
- B. All bids must be honored.
- C. All sales are final.
- D. All vehicles are to be paid for on the day of sale. A late payment fee of \$100.00 will apply for checks not received on time. All check or checks must be in by close of business Wednesday following that sale.

9. Seller's Responsibility:

- A. Owner/Principal of company conducting business is responsible for any and all transactions conducted by authorized sellers.
- B. Seller is responsible for ALL announcements (i.e. prior rental current to 4 model year prior, flood damage, true miles unknown, salvage title, gross polluter, exceeds mechanical limits, lemon law buy back, police or govt. vehicle, frame etc.).
- C. Seller fully guarantees Frontline vehicles, including frame, smog and safety, unless announcements are made.
- D. Seller guarantees miles and clean title except when otherwise announce.
- E. Seller is responsible expenses up to \$500 including transportation associated with vehicles unwound to Dealers' Choice Auto Auction.
- F. Consigned vehicles will run up to one time unless approved by the General Manager.
- G. No sales are \$20 per vehicle unless your percentage of sales are 50% or greater.

10. Guarantees:

- A. Are as follows:
- B. All vehicles that are announced guaranteed will have guarantee until close of business sale day only, unless post sale inspection is done. If post sale is done seller is responsible until Friday 5:00pm. You must not enter into a post sale inspection the day of the sale. No exceptions!!!!
- C. Company will exercise their best efforts to disclose any known issues relative to: True mileage unknown, salvage title or Grey market status of vehicle.
- D. Company will disclose, when known, vehicle status such as frame damage and mechanical problems, limited to engine, transmission and differential only. Company does not inspect the vehicles nor does Company warrant the condition of any of the vehicles. Buyer must complete Buyer's own due diligence as to the status and condition of the vehicle.

11. NO WARRANTIES AND OR GUARANTEES ARE MADE AS TO:

- A. Odometers on vehicles that exceed ten model years (Section 23.010 of the DMV Dealer Handbook)
- B. Unannounced gross polluter (Section 29.090 of the DMV Dealer Handbook).
- C. Rear differentials on any Jeep product.
- D. Any vehicles sold for \$2500 or less have no guarantees what so ever.
- E. Salvage vehicles are sold AS IS NO ARB with the announcement of sold on REG 227 with buyer responsible for brake, light and smog.
- F. Motorcycles, Boats or RV's are sold AS IS no matter year, make or model.

12. Return Policy:

- A. Before any vehicle is returned for any reason the auction MUST be notified in writing.
- B. Approval from the auction General Manager must be obtained before bringing the vehicle to the auction premises.
- C. Buyer may return a vehicle to the Seller upon the establishment of any of the following:
- D. Misrepresentation of the model year of the vehicle.
- E. Determination of undisclosed true miles.
- F. Determination of undisclosed salvage title.
- G. Determination of undisclosed gray market title.
- H. Failure to Seller to deliver said title to Auction for delivery to the Buyer within sixty days.

- I. **Buyer shall not be entitled to return the vehicle to Auction for failure of Seller to deliver title within sixty (60) days UNLESS the Buyer has first given written notice to Dealers' Choice forty-five (45) days after sale of said vehicle. Upon Buyer giving written notice to Dealers' Choice, Buyer shall have the option to unwind the deal on the sixty-first day after the sale of the vehicle or to have title delivered to the Auction on the sixtieth day from the sale of said vehicle.**

13. Conditions of Return:

- A. Buyer may return the vehicle to the Auction ONLY upon the following conditions:
- B. The vehicle is returned to the Auction after the 60th day from the date of sale with a 72 hour notice of said vehicle.
- C. Vehicles must be returned in like or better condition. Vehicle mileage cannot exceed 500 miles of the odometer reading recorded at the auction. If the mileage is in excess of 500 miles, the Buyer can be assessed \$.25 per mile. Receipts for the returned vehicle must be submitted within 24 hours of the vehicles return to the auction. Frame, unannounced title brands, late title returns or mileage discrepancy returns: Refunds to include reasonable transportation and verified expenses not to exceed \$500. Excluded from allowed expenses are: advertising, commissions, profit and any other retail expenses. The vehicle has not had any major mechanical failures (engine, drive train etc.) nor has the vehicle been involved in a collision, or Buyer agrees in writing to defend and indemnify Company relative to any accidents or events, which occurred while the vehicle was in Buyer's possession.

14. Buyer Payment by Company Check:

- A. In the event the Buyer pays with a company check, Dealers' Choice will hold that check until Dealers Choice has possession of said title. At that time, Dealers' Choice will deposit Buyers check without notice. Upon clearance of buyer's check, Dealers' Choice will deliver said title to the buyer pursuant to these Procedures and Policies.

15. Refund by Company:

- A. In the event of a proper return of a vehicle by Buyer to Dealers Choice, the Seller shall return to Buyer the funds previously paid to Company for said vehicle, less any costs and expenses incurred by Company relative to Buyer's failure to timely return the vehicle in the same condition as when it was delivered to Buyer.

16. NONPAYMENT:

- A. All Buyers are solely responsible for their bids. Those bids that don't comply with the Procedures and Policies herein will be discarded. Company reserves the right to refuse to do business with any Buyer.

17. Legal Disputes:

- A. Arbitration/Mediation: In the event of a dispute, a party may demand binding arbitration or mediation, as applicable, and thereafter the parties shall refer the dispute to a mutually acceptable service. If the parties are unable to agree on an arbitration or mediation service within 30 days after a demand is presented, then the Los Angeles office of the Judicial Arbitration and Mediation Service (JAMS) or the nearest such office if there is no longer a Los Angeles office, shall be deemed the arbitration/mediation service and their rules shall govern. If the parties do not agree to first mediate their dispute, then they shall proceed directly to binding arbitration.
- B. Attorneys Fees: The prevailing party in any litigation over this Agreement, including arbitration, shall be awarded court costs and attorneys fees, including fees on appeal.
- C. Governing Law: The laws and Courts of the State of California shall govern all questions or disputes relating to interpretations, performance, validity, enforcement or effect of this Agreement.
- D. This Agreement has been entered into in the City and the County of the State of California where Company is located. Said local is the venue for all legal purposes.

- E. ALL BIDDERS REPRESENT THAT THEY ARE VEHICLE/RESELLERS AND POSSESS CALIFORNIA RESOLD TAX CERTIFICATES. BIDDERS SHALL BE RESPONSIBLE FOR AND HOLD COMPANY HARMLESS FROM ALL LICENSE FEES, TAXES AND PENALTIES ASSOCIATED WITH THE PURCHASE AND SUBSEQUENT SALE OF ANY VEHICLES. ALL BIDDERS ARE SOLELY RESPONSIBLE FOR THEIR BIDS. ANY BIDS, WHICH DO NOT COMPLY WITH THE PROCEDURES AND POLICIES HEREIN, SHALL BE DISCARDED. COMPANY RESERVES THE RIGHT TO DO BUSINESS WITH ANYONE.

By signing below, I acknowledge the above procedures and policies.

Dealer Name

Owner's Signature

Date

