

DEALERS' CHOICE AUTO AUCTION

Policies and Procedures for Wholesale/Retail Dealers

Updated November of 2011

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

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 thru Friday 8:00AM to 5:00PM
- D. Preview Day: Thursday and Friday 9:00AM to 4:00PM
- E. Warehouse hours are Monday thru Friday 8:00AM to 6:00PM
- F. Vehicle Pick-Up: Monday through Thursday 9:00AM to 4:30PM
- G. No vehicle may leave Dealers' Choice without an authorized stamped gate release.
- H. All sold vehicles must be removed from Dealers' Choice by 5:00pm Wednesday following the sale. NO EXCEPTIONS.
- I. Starting Thursday following the auction, there will be a \$10 a day storage fee assessed to buyer/seller for vehicles left on our lot unless prior knowledge of lot manager. (Francisco, Edgar, or Business office)
- J. Any personal vehicles left on lot of dealer's choice must be removed by the close of business or will be towed at the owner expense.
- K. 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.
- D. Dealers must present DCAA's ID to check-in on auction day.

3. Payment/Check Policies:

- A. All vehicles are to be paid for on sale day. A late payment fee of \$50 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 \$65 per occurrence, and subject to payment by cashier's 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 48 hour notice) are subject to unwind. When 48 Hour Notice is returned, vehicle must be @ Dealers' Choice **on or before** the 48th hour.
- C. Late title fee of \$75 will be assessed on the 46th day after sale for all cars without titles, and at 60 days old, a penalty of \$75 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 24 hours of title being processed, or DCAA's receipt of sale proceeds whichever comes first.
 - F. Branded title issues, unless announced at time of sale, may be arbitrated at DCAA's sole option.
 - G. Any and all penalties due are to be paid by seller and will be deducted from the seller's check.
 - H. Titles must include the following: Current title signed in proper places with date and miles left Blank.
 - a. Current registration or copy is acceptable if not available then a current KSR is required.
 - b. 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.
 - I. Seller shall deliver title or Reg. 227 to Auction within sixty (60) days from the sale of the vehicle.
 - J. In the event the Seller fails to produce title, Buyer may return the vehicle to the Auction for refund subject to the terms herein.
 - K. All vehicles shall have titles issued by one of the fifty states.
 - L. In no event will the Seller be responsible to the Buyer in any amounts in excess of \$500.00 on account of costs or expenses occasioned by expired registration, failure by DCAA to deliver title to the vehicle, or other events.
 - M. DCAA 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.
 - N. Dealers' Choice is not responsible for delivery of title, you must pick up your own title or we will deliver at your expense, by either US Mail or courier service. As per DMV we are not responsible for delivery title by US mail or by Courier Service. This is only a convenience to you and will be sent at your expense. Dealers' Choice will not be held accountable if title is lost. 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, DCAA 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 from the date of said notice. In the event Buyer fails to pick up the vehicle as required, DCAA may exclude Buyer from future sales. In the event Buyers check does not clear normal banking channels, the bid will be deemed rejected, and DCAA may exclude bidder from future auction sales.

6. Reservations:

- A. DCAA has the right to reject any bid at any time. DCAA 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. DCAA/ 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, also includes Convertible tops, Sun Roofs and Navigation systems. DCAA makes no representations as to vehicle condition or fitness for use. Buyer may elect to have the vehicle undergo a post sale inspection.
- B. Buyer must return this vehicle by 5:00pm on sale day, buyer has the option to do a post sale inspection at

buyer 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, Sun roofs and Navigation systems. If buyer does a post sale inspection and does not reject the vehicle, seller gives buyer a 5 day warranty from day of sale. If problem found buyer must return vehicle to DCAA by Friday at 5:00pm or buyer owns the vehicle.

- C. Absence of frame damage is a part of sellers guarantee buyer can arbitrate this up until 7 days from sale, unless frame announcements were made while vehicle run thru the auction block.
- D. 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.
- E. Seller warrants all front lines vehicles are 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.
- F. All discrepancies with Auto check may be arbitrated at the sole option upon verification of said discrepancies. Accidents reported to AutoCheck cannot be arbitrated, unless it includes frame damage.
- G. Any mileage discrepancy reported by AutoCheck must be from Dept of Motor Vehicles only. DCAA does not arbitrate because of service reports, smog reports or service contract reports.
- H. **DCAA does not arbitrate any items reported to Car fax.**
- I. **DCAA's inventory now includes VIN #'s, please run Carfax reports before buyer purchase of any vehicle or vehicles so you can determine if Carfax report is ok for buyer's wholesale or resale business.**
- A. **J.** All branded title issues not announced at time of sale, may be arbitrated at DCAA's sole option. (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 ARBITRATED unless frame damage is not announced.
- K. Dealers' Choice Auto Auction assumes no responsibility for incorrect emblems on vehicles. This matter cannot be arbitrated unless vehicle is misrepresented during the auction while being announced on the 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 restraint systems (SRS) /Air bags lights that are able to be reset can be arbitrated at DCAA's sole option sale day only if the repair or repairs exceed \$500.
- 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. DCAA is not responsible for face plates, CD magazines, head phones, remote controls, convertible tops, Navigation Disc, Keys or remotes.
- Q. The decision of DCAA Arbitration 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. DCAA 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, DCAA reserves the right to assess a \$75 arbitration fee to the Seller.
- R. Vehicle(s) that have been driven more than 50 miles after auction sale cannot be arbitrated. Vehicles that have not signed up for a post sale inspection and removed sale day, and have not been returned sale day before the 5:00pm deadline are final sales. Vehicles that have had a post sale inspection and frame damage are excluded and subject to other terms as stated herein.
- S. Any modified, missing or disconnected components must be noted prior to leaving lot. On SALE DAY **ONLY**. Failure to do so constitutes buyers acceptance.
- T. Lights that come once the vehicle leaves the lot, this vehicle cannot be arbitrated. Unless lights have been reset or altered, Vehicles that have had a post sale inspection are subject to different terms.

- U. Post sale inspections are available at a fee of \$75 sale day only, Once vehicle has left Dealers' Choice's property, buyer must return vehicle to DCAA by the close of business sale day only. post sale inspections are not available after sale day.
- V. Convertible tops, Sun Roofs and Navigation systems must operate to Factory specs. Vehicle can be arbitrated by DCAA subject to a post sale inspection or before the vehicle leaves the lot sale day only. .

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 subject to buyers limited right to return vehicle as stated herein.
- 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. Registration fee is \$25 per vehicle unless your percentage of sales are 50% or greater. Registration fee is waived if vehicle is sold.
- H. It is the seller's responsibility to make sure announcements are made at the time of sale if dealer has representative(s) at auction at time the sale is commencing.
- I. **Seller warrants the vehicle to comply with all DCAA policies.**

10. Guarantees are as follows:

- A. All vehicles that are announced guaranteed by seller 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. In the event buyer purchases a post sale inspection. No exceptions!!!
- B. DCAA will not conduct any examination of the vehicle or any investigation of any nature.
- C. DCAA will disclose, when known, vehicle status such as frame damage and mechanical problems, limited to engine, transmission and differential only. DCAA does not inspect the vehicles nor does DCAA 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. ALL salvage vehicle sales are final without exception.
- 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 to DCAA for the benefit of the seller for any reason DCAA must be notified in writing.
- B. Written 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. Determination of undisclosed true miles. Determination of undisclosed salvage title. Determination of undisclosed gray market title. Failure to Seller to deliver said title to Auction for delivery to the Buyer within sixty days.
- E. **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 48 hour notice of said vehicle.
- C. Vehicles must be returned in like or better condition than existed on sale day. Vehicle mileage cannot exceed more than the odometer reading recorded at the auction. If the additional 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 must not have had any major mechanical failures (engine, drive train, etc.) nor have been involved in a collision. Buyer agrees in writing to defend and indemnify DCAA 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 the 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
- B. Buyer the funds previously paid to DCAA for said vehicle, less any costs and expenses incurred by DCAA relative to Buyer's failure to timely return the vehicle in the same condition as when it was delivered by DCAA.

16. NONPAYMENT:

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

17. Legal Disputes:

- A. At DCAA's sole option, DCAA may arbitrate any Buyer/Seller disputes. The decision of DCAA shall be final, Non appealable and binding on Buyer and Seller.
- B. Arbitration/Mediation: In the event of a dispute. DCAA at its sole option 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 arbitration or mediation service within 30 days after a demand is presented, then Judicate West, Long Beach, CA 90831, 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. A retired California Superior Court judge shall be the Arbitrator. The Arbitrator decision shall be enforceable in the Los Angeles County Superior Court.
- C. 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.
- D. Governing Law: The laws and Courts of the State of California shall govern all questions or disputes
- E. Relating to interpretations, performance, validity, enforcement or effect of this Agreement.
- F. This Agreement has been entered into in the City of Long Beach and the County of Los Angeles where DCAA is located. Said local is the venue for all legal purposes.
- G. ALL BIDDERS REPRESENT THAT THEY ARE VEHICLE/RESELLERS AND POSSESS CALIFORNIA RESALE 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.
- H. Buyer and Seller agree to indemnify, defend, hold harmless and otherwise keep DCAA without Cost or Expense, including all DCAA's attorney's fees and costs. Buyer and Seller acknowledge that DCAA is a stakeholder only. Buyer and Seller are experienced car dealers and assume all risks associated with the auction by DCAA, its agents, employees Officers and owners.

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

Dealer Name

Owner's Signature

Date