

## **ADESA ARBITRATION POLICY**

ADESA offers an arbitration service to resolve certain disputes between buyers and sellers. Our service is designed to be fair, quick and impartial. ADESA's arbitration service follows the National Auto Auction Association's Arbitration Policy for In-Lane and Online (the "**NAAA Arbitration Policy**"), as may be amended from time to time (see [www.naaa.com](http://www.naaa.com)). This ADESA Arbitration Policy contains some addenda to the NAAA Arbitration Policy and some additional policies and procedures. In the event of a conflict between the NAAA Arbitration Policy and this ADESA Arbitration Policy, the terms of this ADESA Arbitration Policy shall control. Notwithstanding anything set forth herein, certain sellers may adhere to their own arbitration policies and procedures.

1. **Definitions.** In addition to terms defined in the NAAA Arbitration Policy, the following terms shall have the meanings set forth below:
  - a. "**ADESA Digital Sale(s)**" means any sale executed digitally on ADESA.com, including any sale executed on ADESAClear, DealerBlock®, and Simulcast (including Simulcast+<sup>SM</sup>).
  - b. "**ADESA Location**" means a physical ADESA facility.
  - c. "**Appendix I**" means Appendix I: National Arbitration Policy Guidelines, set forth in the NAAA Arbitration Policy.
  - d. "**Arbitrator**" means the individual responsible for adjudicating disputes and managing the dispute resolution process contemplated in this ADESA Arbitration Policy.
  - e. "**As-Is**" has the meaning set forth in the NAAA Arbitration Policy.
  - f. "**Buyer**" means the party purchasing a vehicle through an ADESA Digital Sale.
  - g. "**Category**" means the vehicle listing category associated with vehicles offered for sale on DealerBlock®.
  - h. "**Claim**" means a claim submitted by Buyer for arbitration.
  - i. "**Claim Vehicle**" means the vehicle subject to a Claim.
  - j. "**Green Light**" has the meaning set forth in the NAAA Arbitration Policy.
  - k. "**Off-Premise Sale**" means a sale where, at the time of sale, the vehicle is *not* physically located at an ADESA Location or at an ADESA-facilitated mobile sale location.
  - l. "**On-Premise Sale**" means a sale where, at the time of sale, the vehicle is located at an ADESA Location or at an ADESA-facilitated mobile sale location.
  - m. "**Ride and Drive**" has the meaning set forth in the NAAA Arbitration Policy.

- n. “**Seller**” means the party selling a vehicle through an ADESA Digital Sale.
- o. “**Vehicle Details Page**” or “**VDP**” means the web page viewable on ADESA.com which contains the condition information and disclosures relevant to a particular vehicle offered in an ADESA Digital Sale.

2. **Seller Obligations.**

- a. Seller is responsible for the accuracy and completeness of all representations, announcements, and disclosures regarding its vehicles, regardless of whether Seller has relied on third-party resources (e.g., inspection company, vehicle listing service, electronic data vehicle history report, etc.).
- b. For sales executed through DealerBlock®, Seller is responsible for designating the appropriate Category for listing the vehicle and ensuring that the vehicle satisfies the requirements of the Category selected. If Seller fails to designate a Category, it will be offered for sale under the Enhanced Category.
- c. For sales executed through Simulcast, Seller is responsible for designating the appropriate sale light for listing the vehicle and ensuring that the vehicle satisfies the requirements of the sale light selected. If Seller fails to designate a sale light, it will be offered for sale under the Green Light.
- d. For sales executed through ADESAClear, all listed vehicles will be listed as Ride and Drive unless Seller specifically notes within the VDP that the vehicle is being sold As-Is. Seller is responsible for designating whether a vehicle is to be sold As-Is if such a designation is appropriate.

3. **Buyer Obligations.** The images and the condition information contained in the VDP serve as a visual representation of the vehicle and certain components at the time the data was collected. Nothing contained in the VDP qualifies as a complete mechanical, electrical or structural inspection of a vehicle. As such, Buyer shall review the VDP in its entirety. Any information or disclosure included within the VDP related to any component or part of a vehicle disqualifies that component or part from serving as the basis for an arbitration. For the avoidance of doubt, a single disclosure, whether in image or written format, is sufficient to notify Buyer of such disclosure.

4. **Standard Arbitration Period.** The arbitration period that applies to all vehicles sold through an ADESA Digital Sale is two calendar days from verified receipt of the vehicle not to exceed 10 calendar days from the date of sale. Sale day is day one. This arbitration period supersedes NAAA policy guidelines as time periods may differ. ADESA in-lane sales follow the standard time periods set forth in Appendix I. All Claims must be made within the applicable arbitration period.

5. **Increased Arbitration Rights for Green Light and Enhanced Vehicles.**

- a. For vehicles (i) sold under a Green Light on Simulcast; (ii) sold under the Enhanced Category on DealerBlock®; or (iii) not listed as As-Is on ADESAClear, in addition to the arbitration rights available in Appendix I, Buyer may arbitrate any single defect that was neither disclosed nor announced and has a repair or replacement cost of \$800 or more in the following areas:
  - i. Visible interior or exterior damages, including missing equipment;
  - ii. Paintwork (three or more adjacent panels), excluding bumpers;
- b. Seller is responsible for the disclosure and announcement of the above additional items as well as all other disclosures and announcements required under the NAAA Arbitration Policy.

6. **Reduced Arbitration Rights - As-Is Vehicles.**

- a. Vehicles sold As-Is will only qualify for arbitration under the rules outlined in Appendix I. Any vehicle sold for \$3,000 or less is automatically considered As-Is, regardless of announcements and/or disclosures.
- b. This Section 6 is only applicable to vehicles sold on ADESAClear.

7. **Arbitration Process.**

- a. **Start Arbitration Claim.** Before starting a Claim, Buyer must pay ADESA all amounts due related to the Claim Vehicle. Failure to pay may result in Buyer's loss of arbitration rights and/or temporary or permanent suspension of auction privileges. A Claim must be initiated *before* the expiration of the arbitration period via ADESA.com (on my Purchases page) or by contacting the ADESA Location where the Claim Vehicle was purchased and following the instructions of the Arbitrator. Failure to provide supporting documentation within two business days after starting the Claim, in accordance with the instructions provided by the Arbitrator, may result in loss of arbitration rights.
- b. **Buyer's Obligations.** Buyer shall deliver the Claim Vehicle to the nearest ADESA Location, or other location as instructed by the Arbitrator. The Claim Vehicle must be (i) in the same or better condition as when it was sold and (ii) delivered to the location instructed within five business days of the instruction, otherwise the Arbitrator may deny the Claim or charge additional fees. Buyer may lose the right to make or continue a Claim if Buyer drives the Claim Vehicle, except that Buyer may drive a minimal number of miles for transportation to and from the ADESA Location (maximum of 50 miles, subject to the Arbitrator's discretion taking into account type of damage and other relevant factors). In the event of an Off-Premise Sale where the Arbitrator does not direct Buyer to deliver the

Claim Vehicle to an ADESA Location, Buyer must, at its own expense, take reasonable steps to care for, preserve, secure, and store the Claim Vehicle until it is properly returned.

- c. Review of Claim. ADESA will review only issues identified in the initial Claim. ADESA may, but is not required to, consult with Buyer, Seller, or both parties to gain a better understanding of the issue(s) in the Claim. When appropriate, ADESA may refer the Claim Vehicle to an auction mechanic, inspector, or other external resource such as an ADESA approved repair facility, dealership or specialty shop for consultation. The unsuccessful party in the arbitration will be responsible for payment of all fees (including but not limited to the inspection, diagnostic evaluation and transportation) incurred in the Claim review, at the Arbitrator's discretion.
- d. Decision. After reviewing the Claim, the Arbitrator will decide whether the Claim is valid. Before deciding what the remedy should be, the Arbitrator may attempt to facilitate a resolution between Buyer and Seller. If agreement cannot be reached, ADESA will decide the appropriate remedy, if any.
- e. Arbitration Award. It is understood that, as the Arbitrator, ADESA will grant any remedy or relief that it considers fair and reasonable under the circumstances, including but not limited to: cancellation of sale and full refund of purchase price, partial refund of purchase price, repair of defect at Seller's expense, repair of defect with the fees apportioned between Buyer and Seller, and/or partial or full reimbursement of transportation, reconditioning and/or repair fees. All amounts that the Arbitrator determines should be paid as a result of the Claim are referred to as the "**Award Amount.**"
- f. Payment of Award Amount by Seller. If Seller is the unsuccessful party in the arbitration, Seller shall pay the Award Amount within three business days after ADESA notifies Seller of the Arbitrator's final decision. If Seller fails to timely pay the Award Amount, ADESA may charge Seller a late payment charge and/or offset and deduct the Award Amount from any amounts ADESA rightfully owes to Seller.
- g. Payment of Award Amount to Buyer. If Buyer is the unsuccessful party in the arbitration, ADESA may withhold (or offset) all or part of the Award Amount from Buyer if (i) transferable title is not returned (when applicable), (ii) Buyer has unresolved past due amounts payable to ADESA, and/or (iii) ADESA determines that the Claim Vehicle's condition has changed while in Buyer's possession.
- h. Returns. If the Arbitrator determines that the sale should be canceled and the Claim Vehicle has not already been returned to an ADESA Location as part of the Claim review process, (i) if the sale was an On-Premise Sale, Buyer shall contact the ADESA and follow all directions given by the

Arbitrator regarding return of the Claim Vehicle; or (ii) if the sale was an Off-Premise Sale, then Seller and Buyer will follow the instructions provided by the Arbitrator regarding arrangements for Seller to pick up and transport the Claim Vehicle. Buyer must deliver the Claim Vehicle within five business days of receiving instruction on where to return the Claim Vehicle. If Buyer fails to timely deliver the Claim Vehicle, the Arbitrator may, in its discretion, cancel or reverse its decision. Risk of loss for the Claim Vehicle remains with Buyer until the Claim Vehicle is delivered to Seller, its carrier, or other agent, or delivered and secured at an ADESA Location. Any vehicle delivered to or left at an ADESA Location without ADESA approval will remain the sole responsibility of Buyer.

- i. **Finality**. The decision of the Arbitrator is final and binding on Buyer and Seller. By doing business with ADESA, Buyer and Seller appoint ADESA to serve as the Arbitrator and empower ADESA to render a final, binding decision in settlement of all Claims submitted for arbitration. Upon payment of the Award Amount and/or otherwise implementing the Arbitrator's decision, Buyer and Seller are deemed to release each other from all claims and demands regarding the matters referred to arbitration.
  - j. **Limited Arbitration Rights for Buyer at Grounding Location**. For Off-Premise Sales, if, at time of sale, the Claim Vehicle is physically located at Buyer's location (i.e. the grounding location), the NAAA Arbitration Policy rules for As-Is In-Lane sales, including arbitration periods and disclosure requirements, apply (see Appendix I).
8. **Code of Conduct**. ADESA may, in its sole discretion, prohibit any Buyer or Seller from executing any ADESA Digital Sales if such party violates this ADESA Arbitration Policy, or commits any excessive, abusive, or fraudulent use of this ADESA Arbitration Policy.
9. **Additional Terms and Conditions**.
  - a. ADESA may interpret, waive or vary any provision of this ADESA Arbitration Policy or the NAAA Arbitration Policy if, in its sole discretion, ADESA considers it fair and reasonable to do so under the circumstances.
  - b. Vehicles exported outside of the United States or with a title designation as "Export Only" are not eligible for arbitration.

# NAAA National Arbitration Policy Guidelines + ADESA Online Purchase Arbitration Period

National Auto Auction Association www.naaa.com		National Arbitration Policy Guidelines APPENDIX I						Effective Date April 3, 2022
NAAA Seller Disclosure/Announcement	Disclosure/Announcement Required			Arbitration Time Periods				
	Green Light Only "No & Drive"	Yellow Light Only "Limited Guarantee"	Red Light Only "Limited As-Is"	Green Light Only "No & Drive"	Yellow Light Only "Limited Guarantee"	Red Light Only "Limited As-Is"		
<b>Major Components</b>								
Engine Problem*	YES	YES	NO	A or C	A or C	NA		
Cracked or Repaired Block*	YES	YES	NO	A or C	A or C	NA		
Transmission Problem*	YES	YES	NO	A or C	A or C	NA		
4WD System Inoperable*	YES	YES	NO	A or C	A or C	NA		
ABS Problem*	YES	NO	NO	A or C	NA	NA		
Emission Control Equipment Missing or Inoperable*	YES	NO	NO	A or C	NA	NA		
Air Conditioning System*	YES	NO	NO	A or C	NA	NA		
SRS - Missing or Problem with Airbag*	YES	NO	NO	B or C	NA	NA		
Hybrid or Electric Vehicle Battery Problems and/or Missing or Inoperable Battery Charger*	YES	YES	NO	A or C	A or C	NA		
<b>Vehicle History Issues</b>								
Structural Damage/Cracked Structural Repair or Replacement/Structural Alteration Per NAAA Structural Damage Policy	YES	YES	YES	B or C	B or C	B or C		
Inoperative Odometer	YES	YES	YES	B or C	B or C	B or C		
Not Actual Miles or True Mile Unreliable	YES	YES	YES	30 Days	30 Days	30 Days		
Total Loss and/or Salvage-Retention (By Insurance Records)**	YES	YES	YES	30 Days	30 Days	30 Days		
Theft Recovery/Steals Vehicles (Including History)	YES	YES	YES	30 Days	30 Days	30 Days		
Banded, Insurance and/or Salvage Titles (Including History)**	YES	YES	YES	30 Days	30 Days	30 Days		
Flood Damage (By Auction Inspection)	YES	YES	YES	30 Days	30 Days	30 Days		
Lemon Law/Manufacturer's Buyback**	YES	YES	YES	30 Days	30 Days	30 Days		
State Issued VIN Plates (Including 61 Vehicles)	YES	YES	YES	B or C	B or C	B or C		
All Taxis and/or Taxis Requiring Local or State Licenses and Law Enforcement Vehicles	YES	NO	NO	30 Days	NA	NA		
Previous Canadian Vehicles	YES	YES	YES	30 Days	30 Days	30 Days		
Grey Market Vehicles**	YES	YES	YES	30 Days	30 Days	30 Days		
Vehicles Being Sold with No Title (Bill of Sale Only)	YES	YES	YES	B or C	B or C	B or C		
Voided Factory Warranty	YES	NO	NO	30 Days	NA	NA		
Fuel Conversion	YES	YES	YES	B or C	B or C	B or C		
Non-Original Engine (Excludes Items Replaced Under Manufacturer's Warranty)	YES	NO	NO	B or C	NA	NA		
Current Model Year and Up 1-4 Model Years Old	YES	NO	NO	B or C	NA	NA		
Logo or Decal Misrepresentation	YES	YES	YES	B or C	B or C	B or C		
Blackout Vehicles (Blacked or Covered)	YES	YES	YES	A or C	A or C	A or C		
Flood Damage History (Discovered By DMV and/or Insurance Company Records)	YES	YES	YES	120 Days	120 Days	120 Days		
<b>Other Issues</b>								
Convertible Top*	YES	NO	NO	A or C	NA	NA		
Vehicle Accessory Problems* (Up to Model Year Old)	YES	NO	NO	A or C	NA	NA		
Exterior Cosmetic Pings that Cover 50% of Vehicle Exterior Panels	YES	NO	NO	A or C	NA	NA		
Paintwork (3 Panels or More) on Current Model Year and Newer (Excludes Bumpers)	YES	NO	NO	A or C	NA	NA		
Vehicles Not Equipped With Air Conditioning (Excludes Vehicles 10 Model Years Old or Older)	YES	NO	NO	A or C	NA	NA		
Vehicles Being Sold With a Government Release for Title (i.e., 21A, 2F-41-1 and etc.), OJ, 800, or Rejo Model Title (Prescribed By Law)	YES	YES	YES	Manufacturer's Title	Manufacturer's Title	1 Day for Receipt of Title		
Pending State or Local DMV Fees or Taxes Over \$500 Due On Vehicle (If Required By Law)	YES	YES	YES	Manufacturer's Title	Manufacturer's Title	1 Day for Receipt of Title		
Any Disclosures Required By Law	YES	YES	YES	Manufacturer's Title	Manufacturer's Title	1 Day for Receipt of Title		
<b>Time Period vs. Sale Channel Breakdown</b>								
* 24 Hours Sale Day Only	** In-lane 7 Calendar Days Only		*** Online Minimum industry standard = 7 calendar days. Timeframe may be extended per local auction policy.					
** Must disclose defects that are singularly \$500 or more in repair or replace.	*** Sale Day - Day 7 for all timeframes.							
** These transactions may be subject to arbitration regardless of the stated time limits. Arbitration claims initiated after the stated time period will be addressed via the arbitration format described in "Title Policy" (Paragraph 6).								

**ADESA honors NAAA National Arbitration Policy Guidelines and offers an arbitration period of up to 10 days for vehicles sold on ADESA's digital sales platforms.**

The arbitration period that applies to all vehicles sold through ADESA's digital sales platforms, Simulcast and DealerBlock®, is two (2) calendar days from verified receipt of the vehicle not to exceed 10 calendar days from the date of sale. Sale day is day 1. ADESA in-lane sales follow standard time periods set out in the NAAA Arbitration Policy, Appendix I: National Arbitration Policy Guidelines. All Claims must be made within the applicable arbitration period.

**QUESTIONS?** Contact your ADESA location or ADESA Support at 1-888-526-7326

**ADESA**