



## SUMMARY OF CHANGES TO AUCTION POLICIES

Effective February 1, 2017

### 1. LIGHTS

We have added language to explain the purpose of the Auction lights and the meaning of certain auction light combinations (See Sections 70 and 71):

Colour	Explanation
Green	Arbitration is allowed on all issues normally subject to Arbitration.
Yellow	The Seller has made Disclosure(s) regarding the Vehicle. Arbitration is not available for Vehicle conditions that have been disclosed.
Red	The Vehicle is being sold "as is". Arbitration is limited.
White <sup>1</sup>	Any of the following Disclosures or conditions apply: (i) Auction is not in possession of the Vehicle's ownership/registration documents on sale day (ii) Out of Province <sup>2</sup> (iii) Daily Rental.

**NOTE: Under all Lights, for Vehicles that sell for less than \$3,000, Arbitration is limited to odometer (e.g. Odo Rollback, Odo Replaced, TKU), title issues, branding issues and existing structural damage caused by collision.**

Light Combinations		
		Green Light Sale. Arbitration allowed on all matters normally subject to arbitration.
		Green Light Sale with Disclosure(s). Arbitration allowed on all matters normally subject to arbitration except for disclosed conditions.
		Red Light Sale. Vehicle is sold As Is. No specific disclosures have been made. Arbitration is limited.
		Red Light Sale. Vehicle is sold As Is. Specific disclosures have been made. Arbitration is limited.

The White Light may be on with any of the above light combinations, indicating that the: ownership/registration documents are not available on sale day, Out of Province Vehicle or Daily Rental Vehicle. Under any light, arbitration is limited for Vehicles that sell for less than \$3,000.

### 2. DISCLOSURES

We have updated our Auction Policies to incorporate several changes to the National Auto Auction Association (NAAA) *Seller Disclosure Standards for Canada*. Details of those changes are set out below (See Section 72):

- The arbitration dollar threshold has changed for vehicles that sell for \$40,000 or more. Previously, the arbitration dollar threshold was \$750 for all vehicles. Now, the arbitration dollar threshold is as follows:

<i>Vehicle Sale Price</i>	<i>Arbitration Dollar Threshold</i>
Under \$40,000:	\$750
\$40,000 and over:	2% of the Vehicle sale price

- The new arbitration dollar threshold affects the following Disclosures: *ABS Defective*, *Air Bags* and *Major Repair*.
- The disclosure requirements regarding *Grey Market Vehicles* and *U.S. Vehicles* have changed to clarify that the disclosures need to be made if the vehicle was previously registered in a jurisdiction other than Canada in the previous *36 months*.
- Several changes were made to the *Major Repair* disclosure:

<p>Major Repair <hr/>(details)</p>	<p>Where the cost of repair exceeds the Arbitration Dollar Threshold, the Seller must disclose: (a) if a Major Component of the Vehicle is defective or not operational; (b) body damage (including hail damage); (c) non-mechanical or non-electrical defects (excluding Wearable Items and Normal Exterior Wear and Tear); and (d) listed accessories that are not working (e.g. cruise control, lane departure warning).</p> <p><b>Arbitration Dollar Threshold:</b></p> <table border="1"> <thead> <tr> <th><i>Vehicle Sale Price</i></th> <th><i>Arbitration Dollar Threshold</i></th> </tr> </thead> <tbody> <tr> <td>Under \$40,000:</td> <td>\$750</td> </tr> <tr> <td>\$40,000 and over:</td> <td>2% of the Vehicle sale price</td> </tr> </tbody> </table> <p>The Arbitration Dollar Threshold is calculated before taxes, on a non-cumulative basis and in accordance with standard Mitchell warranty rates.</p> <p>Major Components include:</p> <ul style="list-style-type: none"> <li>➤ Engine</li> <li>➤ Transmission</li> <li>➤ Power train</li> <li>➤ Sub-frame</li> <li>➤ Electrical/Air ride suspension</li> <li>➤ Computer equipment</li> <li>➤ Fuel operating system</li> <li>➤ Electrical system</li> <li>➤ Emissions system</li> <li>➤ Anti-lock braking system</li> </ul> <p><i>Wearable Items</i> and <i>Normal Exterior Wear and Tear</i> are not subject to arbitration.</p> <p><b><i>Wearable Items</i></b> are parts of the Vehicle that the manufacturer recognizes the need for replacement or adjustment during the expected life of the vehicle. These items are normally identified in the Owner’s Manual for routine check and replacement and include but are not limited to: wipers, brake pads, shoes, rotors, calipers, belts, hoses, lubricants, fluids, timing belts, bulbs, filters, manual clutch, shocks and struts.</p> <p><b><i>Normal Exterior Wear and Tear</i></b> means damage that would be considered normal wear and tear given the distance travelled and age of the Vehicle and</p>	<i>Vehicle Sale Price</i>	<i>Arbitration Dollar Threshold</i>	Under \$40,000:	\$750	\$40,000 and over:	2% of the Vehicle sale price
<i>Vehicle Sale Price</i>	<i>Arbitration Dollar Threshold</i>						
Under \$40,000:	\$750						
\$40,000 and over:	2% of the Vehicle sale price						

	is not easily seen, such as scratches that do not break the paint, minor nicks, cuts and/or scuffs.
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- The disclosure requirement for *Previous Daily Rental Vehicles* has changed to clarify that a Seller must disclose if a Vehicle was previously used as a daily rental vehicle at any time in the *previous 24 months*.
- A new *Previous Racing Vehicle* disclosure was added:

Previous Racing Vehicle	The Seller must disclose if the Vehicle was previously used in organized racing.	Regular
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- A new *Structural Alteration* disclosure was added to clarify the difference between structural damage and a structural alteration (e.g. slow plow, hitch, fifth wheel) and the wording of the *Structural Damage* disclosure has been modified accordingly:

Structural Alteration	The Seller must disclose if there has been an alteration to the Vehicle’s structure such as lengthened or shortened frame, modified suspension, snow plow, hitch or fifth wheel.	Regular
Structural Damage	The Seller must declare a Vehicle to have structural damage if there has been damage to the structure or a specific structural component of the Vehicle that meets the definition of structural damage set out in Section VIII of the National Auto Auction Association’s Arbitration Policy regarding Structural Damage. (See the <i>Standards</i> section on the NAAA website found at <a href="http://www.naaa.com">www.naaa.com</a> )	Extended

- A footnote has been added to the Disclosures table in the Auction Policies to make customers aware of a legislative change in BC requiring dealers to disclose if a vehicle was brought in to B.C. for the purposes of resale.

**3. POST SALE INSPECTIONS**

- The term *Post-Sale Inspection* has replaced the term *Buyer Protection Plan* throughout the Auction Policies.
- We have changed the circumstances in which a post-sale inspection is mandatory (See Section 37):

**Post-Sale Inspection.** For Online Buyers of Dealer Cars, local fleet Vehicles and Vehicles consigned by members of the public, a Post-Sale Inspection is mandatory on Vehicles at an ADESA Location that are sold under a Green Light and sell for \$3,000 or more. A Post Sale Inspection is recommended for Vehicles sold under a Red Light but is not mandatory. A Post-Sale Inspection on Red Light Vehicles is for informational purposes only. Fees apply. (See ADESA Canada Post-Sale Inspection Policy for applicable terms and conditions.)

**4. OPEN RECALLS**

A new section summarizing NAAA’s recommendations regarding open recalls has been added to the Auction Policies (see Section 73):

**Open Recalls.** ADESA follows the NAAA (Canada) standards for Open Recalls ([www.naaa.com/standards/Open\\_Recall\\_Canada.htm](http://www.naaa.com/standards/Open_Recall_Canada.htm)). Transport Canada and the US National Highway Traffic Safety Administration (NHTSA) both offer search tools which provide open recall status on vehicles (Transport Canada: [www.tc.gc.ca](http://www.tc.gc.ca); NHTSA: [www.safercar.gov](http://www.safercar.gov) ). A Seller will build credibility in its product, and a Buyer will have more confidence in its purchase decisions when there is disclosure and/or awareness of all material facts about a vehicle being offered for sale or considered for purchase. As such, ADESA recommends Sellers use Transport Canada, NHTSA’s and/or Manufacturer VIN lookup tools on each vehicle registered for sale and provide disclosure to Buyers of such information in the event an open recall exists on any particular vehicles and that Buyers use the same on each vehicle being considered

for purchase to ensure awareness of all material facts prior to bidding on vehicles. **\*Please note, this recommendation does not change current arbitration policies.** If, due to the nature of the recall, the dealer is prohibited by law from retailing the vehicle in Canada, the outstanding recall must be disclosed.

## 5. ARBITRATION

- Arbitration is limited for vehicles that sell for less than \$3,000 (previously \$2,000). See Sections: 70, 71 and 75.
- A general statement regarding *Major Deception* has been added as a separate prominent section to the Auction Policies (See Section 74). Accordingly, repetitious references to the consequences of Major Deception have been removed from other sections of the Auction Policies.

**MAJOR DECEPTION.** Regardless of the light under which the Vehicle ran, the Vehicle listing category, or the limits on arbitration as stated in these Policies, the Auction reserves the right to allow arbitration and/or suspend a Customer's auction privileges where the Customer has engaged in Major Deception.

- A clarification that arbitration is not available for noise or conditions that are inherent or typical to a particular model or manufacturer unless deemed excessive by the arbitrator has been moved to Section 75. Similar language was previously included in the section regarding the *Major Repair* disclosure (Section 72).
- A section was added to clarify that different arbitration rules may apply in Closed Sales and when the Closed Sale Rules no longer apply (see Section 77):

**Closed Sale Rules.** "Closed Sale" means an In-Lane or Online sale hosted by a Seller using ADESA's services at which only certain Buyers designated by the Seller (typically franchise dealerships of a specific manufacturer brand) are permitted to bid on and buy Vehicles. "Open Sale" means an In-Lane or Online sale hosted by ADESA at which all Buyers are permitted to bid on and buy Vehicles. Closed Sales may be subject to different Arbitration rules which are set by the Vehicle Seller (the "Closed Sale Rules"). The Closed Sale Rules apply only to the Buyers designated by the Seller as eligible to bid on and buy Vehicles in the Closed Sale (the "Closed Buyers") and the Seller is responsible for communicating those rules to the Closed Buyers. For Vehicles first listed in an Online Closed Sale (also known as a "Private Label" sale) and then moved to an Online Open Sale (i.e. the restriction on permitted Buyers is lifted), then: (a) these Arbitration Rules (and not the Closed Sale rules) will apply to Vehicles sold in the Open Sale to Buyers who are not Closed Buyers; and (b) the Closed Sale rules will apply to Closed Buyers regardless of whether they bought the Vehicle in a Closed Sale or Open Sale.

- We have added clarifying language to Sections 42 and 75 regarding the consequences of errors in Vehicle History Reports. Arbitration may not be available for conditions disclosed in a Vehicle History Report if the Vehicle History Report is contradicted by other more reliable sources.

## 6. OTHER CHANGES

- We have added language to Section 33 regarding taxes payable:

**GST/HST/QST.** Sellers who are GST, HST or QST registrants may execute GST/HST election forms pursuant to subsection 177(1.3) of the Excise Tax Act or QST election forms pursuant to subsections 41.0.1, 41.2 and 41.2.1 of The Act Respecting the Quebec Sales Tax. GST, HST, or QST will be charged on *all* Vehicle purchases (including Vehicles purchased for export). GST/HST/QST is charged at the rate applicable in the province where the Vehicle is located at the time of sale. If a Customer believes that a transaction is exempt from tax (e.g. zero rated supply of goods, exports, s.87 of Indian Act, etc.), the Customer may apply for a refund from the applicable government authority of the taxes paid. *No exceptions will be made.*

- Reservation of title language in favour of vehicle lenders was added to Section 47:

**Title.** Regardless of the method of payment and the status of the ownership registration, title to a purchased Vehicle does not pass to the Buyer until payment in full has been made and the funds have actually been received by the Auction. Seller reserves ownership of the Vehicle, and title to and ownership of the Vehicle will not transfer to Buyer until the sale price for the Vehicle has been paid in full to Auction for benefit of Seller. For example, if payment is made by uncertified cheque, title does not pass to the Buyer until the cheque has been honoured by the drawer's bank. Notwithstanding the foregoing,

the Buyer assumes full liability and responsibility for all Vehicle Losses once it has been determined in accordance with the Auction Policies that the Buyer's bid is the winning bid and all risks related to the Vehicle shall be transferred to Buyer. If the purchase of the Vehicle is financed by any lender (a "Lender") and the purchase price for the Vehicle is paid to Seller (via the Auction) by such Lender on behalf of Buyer (or by Buyer out of the proceeds of such financing), (i) Seller hereby assigns all of its rights under this contract, including its reservation of ownership, to Lender, and Buyer consents to such assignment, (ii) Buyer consents to the publication of a reservation of ownership by Seller and of the assignment thereof to Lender, by Seller, Lender or their representatives, (iii) Seller shall remain responsible as seller hereunder notwithstanding such assignment and shall indemnify and hold Lender harmless of any liability hereunder, and (iv) all terms and conditions of the loan and security agreement entered into or to be entered into from time to time by Buyer and Lender shall be applicable hereto and the purchase price of the Vehicle shall be payable in accordance with the provisions applicable to an advance made thereunder. If the purchase of the Vehicle is not financed by any lender, the Seller hereby assigns all of its rights with respect to the Vehicle to the Auction. The Seller agrees that the Auction can deduct any amounts owing by the Seller to Auction from any amounts owing to Seller hereafter. Buyer and Seller waive all rights of set-off against the Auction and each other in connection with any Vehicle sold through the Auction.

- A new section was added to remind buyers about the law regarding Rebuilt Vehicles that are transferred to another province (see Section 52):

**Rebuilt Vehicles.** Please note that when registering an out of province Vehicle branded *Rebuilt*, the brand will be automatically changed to *Salvage* when the Vehicle title is registered in another province. For example, a Vehicle registered in BC with a *Rebuilt* title brand will automatically be given a *Salvage* title brand when the Vehicle is registered in Ontario. The Vehicle will need to undergo and satisfy the inspection requirements of the new province for Rebuilt vehicles before the title can be changed to Rebuilt in that province.

- A new section has been added regarding Proxy Bidding in DealerBlock Preview Sales (see section 54(e)):

*Preview Sale Proxy Bidding.* Some DealerBlock sales may offer certain Customers (as determined by the Seller) the opportunity to view DealerBlock inventory and place proxy bids before the DealerBlock sale starts (a "Preview Sale"). Preview Sales are typically shorter in duration than standard DealerBlock sales. Proxy bids made during the preview period will not be processed until the DealerBlock sale starts. Once the sale starts, the regular proxy bidding rules as set out in Section 54(d) will apply. As with regular proxy bidding, a bidder's Maximum Bid Amount will not be visible to the Seller or to other bidders during the preview period or during the live DealerBlock sale. During the preview period and live sale, the Seller will only have visibility into the number of unique bidders placing proxy bids. With Preview Sales, after the live sale has ended, the Seller will be able to view all proxy bid details including, the proxy bidder username, Maximum Bid Amount, proxy bid amounts placed, and date/timestamp.

- Language has been added to Section 65 to clarify the Seller's obligation to correct errors in Vehicle Condition Reports:

**Disclosure.** The Seller is responsible to ensure that all Disclosures and any other material information are announced by the Auctioneer and appear in the Online Vehicle description and/or Online Condition Report. The Seller is also responsible to ensure that any information recorded on the Vehicle windshield is accurate and that the Vehicle runs under the correct light. Condition Reports prepared by the Auction are intended to provide our customers with a brief summary of the general features and condition of a Vehicle offered for sale. Although the Auction tries to ensure that all Condition Reports are accurate, it is the Seller's responsibility to correct any errors and to ensure that all Vehicles listed for sale are accurately described and that all required disclosures have been made.

- Minor wording changes and corrections have been made throughout the Auction Policies.
- For ease of reference, the paragraph order of certain sections has changed resulting in internal section number and page number changes.
- For quick reference, a copy of the Disclosures table (Section 72) is reproduced as a separate document on [www.adesa.ca](http://www.adesa.ca)



# AUCTION POLICIES

**Welcome to ADESA!** Our goal is to provide you with a quick, efficient and trustworthy used vehicle marketplace that delivers results. We have therefore developed these Policies to assist our Customers to understand their rights and obligations to each other and to the Auction. Through these Policies, we create an environment where Sellers can be confident they will be paid true market value for the Vehicles they sell and Buyers can be confident about the quality and condition of the Vehicles they buy.

## Our Core Values

Integrity

Employee welfare

Customer care

Safety

Profitability

Community involvement

Teamwork

Fun

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## GENERAL TERMS AND CONDITIONS

1. **Application.** These Auction Policies govern all of your business at the Auction (including ADESA.ca) and are implied terms and conditions of every agreement (oral or written) that you enter into with the Auction and with every Buyer and Seller. By doing business at the Auction, you are agreeing to observe and be bound by these Auction Policies.

2. **Notice of Changes.** We may amend the Auction Policies at any time by posting the amendments on our website [www.adesa.ca](http://www.adesa.ca).

3. **Definitions.** In addition to other terms defined elsewhere in the Auction Policies, the following terms have the following meanings:

**ADESA Location** means a physical auction location where an ADESA business unit conducts In-Lane Sales.

**ADESA** means ADESA Auctions Canada Corporation, ADESA Montreal Corporation, ADESA Quebec Corporation, OPENLANE Canada Inc. and each of their respective subsidiaries, successors and assigns.

**Arbitration Dollar Threshold** has the meaning given to that term in Section 72 *Major Repair*.

**Auction** means ADESA. References to “we” or “our” mean the Auction.

**Auction Policies** means these Auction Policies and Arbitration Rules and any amendments to them.

**Arbitration** means the dispute resolution process described in the Arbitration section of the Auction Policies.

**Buyer** means a Customer who purchases, offers to purchase and/or bids on Vehicles and/or Services through the Auction.

**Condition Report** means a description of the physical and/or mechanical condition of a Vehicle including any Vehicle photographs and/or Vehicle grade.

**Customer** means a registered motor vehicle dealer, individual, partnership, association, corporation, limited liability company, trust, unincorporated organization, government agency or other business entity or enterprise that is expressly or implicitly authorized to conduct business with the Auction. References to “you” mean the Customer.

**Customer Representative** means the Customer’s authorized representative and any person that has the actual or apparent authority to act on behalf of the Customer.

**DealerBlock®** means the Auction’s online sales platform for Vehicles that are not offered concurrently at an In-Lane Sale (may include a Seller’s online private label selling platform hosted by ADESA).

**Dealer Car** means a motor vehicle that is offered for sale by a Customer who is a licensed motor vehicle dealer that operates one or more retail motor vehicle dealerships.

**Disclosure** means a mandatory disclosure about a Vehicle as set out in the *Seller Disclosure Obligations* section of the Auction Policies.

**Fees** mean the fees and charges established by the Auction from time to time for Services.

**Gate Pass** means an electronic or paper document that must be presented by the Buyer or Customer Representative to the Auction (or for sales of Off-Site Vehicles to the Seller’s Customer Representative at the grounding location) in order to obtain the release of a purchased Vehicle. For Online Sales, a Gate Pass may also be referred to as a “Vehicle Release Form”.

**In-Lane Sale** means a real-time live auction sale event that takes place at an ADESA Location with bidders present physically and/or online.

**LiveBlock®** means the Auction’s online sales platform for Vehicles that are offered concurrently in an In-Lane Sale.

**Major Deception** means an act, representation or omission that, having regard to all of the circumstances would reasonably be regarded as misleading, unprofessional, or unethical and includes, but is not limited to, the failure to make a Disclosure which materially affects the value of the Vehicle.

**Off-Site Vehicle** means a Vehicle not physically located at an ADESA Location.

**Online Buyer** means a Buyer who uses Online Services.

**Online Sale** means a sale event conducted through any of the Online Services.

**Online Services** means the tools and services for the sale of Vehicles over the internet available through ADESA.ca including DealerBlock® and LiveBlock®.

**Personal Information** means information about an identifiable individual within the meaning of the *Personal Information Protection and Electronic Documents Act, 2000 c.5*.

**Post-Sale Inspection** means a post-sale inspection service offered by the Auction that involves a mechanical inspection and optional frame inspection in accordance with the terms and conditions of the Auction’s Post-Sale Inspection program.

**Reserve Price** means the minimum price established by the Seller at which the Vehicle may be sold.

**Seller** means a Customer who offers a Vehicle for sale through the Auction's Services.

**Services** means the Vehicle remarketing services and products offered by or through the Auction including but not limited to sale by auction and other means, marketing, transportation, marshaling, glass repairs and replacements, reconditioning, mechanical repairs, inspections, Post-Sale Inspection services, market analytics, Arbitration, and the Online Services.

**Vehicle** means an automobile, truck, recreational vehicle, wagon, motorcycle, snowmobile or any other vehicle designed to run on land and also includes boats, marine craft, machinery and equipment.

**Vehicle History Report** means a report from an accepted industry source regarding the history and/or condition of a Vehicle that meets the Auction's VHR Standards described in Section 20 of these Auction Policies.

**Vehicle Listing Category** means the category under which a Vehicle is listed for sale on DealerBlock® as described in Section 71 of these Auction Policies.

**Vehicle Release Form** has the same meaning as "Gate Pass".

4. **Governing Law.** This Agreement will be governed by, interpreted under, construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
5. **Extended Meanings.** The singular includes the plural and vice versa and any gender includes any other gender.
6. **Data Ownership.** All information and records, whether oral, written, visual, electronic, digital or tangible (collectively "Data") transmitted, received or stored on or using the Auction's systems, equipment, computers, servers, or premises is the property of the Auction. Accordingly, the Auction has the right to use, control access to, aggregate, modify, package, derive benefit from, remove, destroy or sell Data in whole or in part. Notwithstanding the foregoing, Data that contains Personal Information will only be used and disclosed in accordance with the Auction's Privacy Policy.

## AUCTION OBLIGATIONS

### 7. Our Commitment to Our Customers

- a) We will be fair and impartial in our dealings with both Buyers and Sellers.
- b) We will create an environment that inspires confidence in the integrity of our marketplace.
- c) We will maintain records to verify sale prices and all Fees that are charged for a minimum period of 6 months.
- d) We will comply with national, provincial and local laws that regulate the conduct of our business.
- e) We will make every effort to service our Customers' needs diligently, courteously and responsibly.
- f) As a member of the National Auto Auction Association, we have adopted and will comply with the NAAA Code of Ethics.

### 8. Our Role

- a) We provide Services that create a fast and efficient marketplace for Buyers and Sellers to exchange used Vehicles. We do not take title to the Vehicles bought or sold through our Services and facilities. The Auction is not a party to the contract of sale between the Buyer and the Seller.
- b) Through these Auction Policies, we regulate our marketplace so that Sellers can be confident they will be paid for the Vehicles they sell and Buyers can be confident about the quality and condition of the Vehicles they buy. Auction sales are intended to promote fair and ethical treatment to both the Buyer and the Seller.
- c) We provide reliable and convenient value added Services to help your business succeed.
- d) The Auction is paid Fees, usually by both the Buyer and the Seller and sometimes by third parties, for its Services.
- e) The Auction offers an Arbitration service to quickly and fairly resolve disputes between Buyers and Sellers.

9. **Limitation.** The Auction makes no representation, warranty or guarantee as to the accuracy or completeness of the description, equipment, warranty, service policy, title, history, odometer reading or disclosure declarations pertaining to Vehicles offered for sale.

## CUSTOMER OBLIGATIONS

10. **Fair Play.** For the auction marketplace to work properly, the Auction and its Customers must conduct themselves with integrity. We do our part by living our corporate values. We expect you to do your part by conducting your business at the Auction fairly and honestly.
11. **Auction Privileges.** We reserve the right to temporarily or permanently suspend a Customer's Auction privileges at any time. Breach of the Auction Policies could result in the permanent or temporary suspension of your Auction privileges.
12. **Customer Registration.** The Auction participates in the Auction Access dealer registration system. Upon completion of the Auction Access registration package, you will be issued a photographic identification card ("**Auction Card**") authorizing you to buy and sell Vehicles at all In-Lane Sales in Canada. You will be responsible for all transactions conducted with your Auction Card. Sharing or lending your Auction Card is strictly prohibited. At In-Lane Sales, Customers are required to wear their Auction Card at all times in the bidding area. For Online Sales, in addition to registering through Auction Access, you will need to register through the Auction's Online system in order to receive an online user id and password. You are responsible for maintaining the confidentiality of your user ID and password and will be liable for all transactions conducted with them. Please immediately notify the Auction in writing upon the discovery of any unauthorized use of your Auction Card or online account. Sharing user ids and passwords is strictly prohibited.
13. **Compliance with Law.** There are many rules, laws and regulations that govern your business. We count on you to know and comply with all national, provincial and local laws that regulate your right to buy and sell Vehicles at our Auction.
14. **Courtesy.** We expect our employees to serve you professionally and courteously and in turn we believe that they are entitled to similar treatment from you.
15. **Dealers Only.** Generally, only registered motor vehicle dealers are permitted to buy Vehicles at our Auctions. Except for sales expressly open to the public, retail customers are not permitted to attend In-Lane Sales or Online Sales. Retail customers are not permitted to "shoulder surf" Online Sales. Customers may not permit retail customers to view an Online Sale or the prices of the electronic inventory of Vehicles posted through the Auction's Online System.
16. **Guests.** Guests are not permitted in the bidding area.
17. **Assumption of Risk and Adherence to Safety.** Customer acknowledges there is a certain amount of risk inherent in auction activity including serious injury or death. Knowing, or having reason to know these facts, Customer appreciates the risk; and voluntarily accepts and assumes the risk. Customer acknowledges his/her responsibility to become familiar with Auction's posted and communicated safety measures and to strictly obey and adhere to such measures at all times while on Auction premises. Customer shall be alert, aware and act in a safe manner at all times. Customer is a limited licensee on all Auction premises, but the license does not extend to non-common areas of the premises, or where access is specifically limited to certain persons or personnel.
18. **Safety.** Two of the Auction's core values are CUSTOMER CARE and SAFETY. We endeavour to provide a safe and secure environment to conduct business with as little inconvenience as possible to you. Due to the inherent risk and nature of moving vehicles, there are some procedures, rules, and precautions that everyone visiting our Auction facilities should follow. These are for your protection as much as for the protection of our employees. Each Auction facility is different in layout and personality. Take the time to make yourself familiar with the facility you are visiting and doing business in. Customers and their employees, agents, contractors, representatives and invitees must observe and comply with the Auction's safety rules as set out below.
  - a) Always be aware and cautious of your surroundings. There is always a lot of activity at an auction, especially on sale day.
  - b) No one under 16 is allowed in the sale arena or on the lot.
  - c) Everyone in the bidding area must wear his/her Auction Card. Everyone on the lot must wear either his/her Auction Card or Visitor Badge.
  - d) If you are injured please contact an Auction employee.
  - e) Lines on the floor designate auction lanes. Please stand outside the lines. Congested lanes make it harder for our drivers to see and will slow the flow of Vehicles.
  - f) Never open a door or hood without the driver seeing you and the Vehicle stopped. Some Auctions only allow the Ringman to open the hood.
  - g) Always make sure you have eye contact with the driver if you walk in front of a Vehicle. Never walk in front of a moving Vehicle.
  - h) Do not open the hood and grab the linkage to rev an engine. Do not ask our employees to rev an engine.
  - i) Test-driving Vehicles is not permitted.
  - j) During a sale you should not get into a sale Vehicle to "hop a ride" to or from the sale arena. This will distract the driver.
  - k) Do not lie under a Vehicle to look for damages or for any other reason.

- l) If you want to start a Vehicle, please seek the assistance of one of our lot attendants. Make sure you are seated in the driver's seat with the brake pedal applied.
- m) If driving on the lot, please obey posted speed limits, stop and signal at intersections.
- n) If a Vehicle has a snowplow or attachment that moves, do not reach into the cab and test the controls.
- o) Let an Auction employee know if you see any unsafe practices on the lot, whether another Customer or an employee.

We hope that by following these simple rules everyone will be safe and able to return another day.

19. **Vehicle History Reports.** Vehicle History Report is required on all Dealer Cars, local fleet vehicles and vehicles consigned by members of the public<sup>1</sup> (see Section re Off-Site Vehicles). The Auction is not responsible for the accuracy of Vehicle History Reports.
20. **VHR Standards.** Vehicle History Reports must meet the following minimum standards:
- i. Insured claims history of Accident Repair from each province where Vehicle has been registered including claim amount;
  - ii. Ownership and registration history including title branding and odometer history (all provinces and U.S.);
  - iii. Vehicle import records (if applicable);
  - iv. Canadian Police Information Centre (CPIC) data;
  - v. Disclosure data from the Vehicle History Report must be made available to bidders prior to sale;
  - vi. Vehicle History Report must be available in both English and French for vehicles offered for sale to Quebec bidders; and
  - vii. Vehicle History Report must be provided to Buyer after sale (hard copy or downloadable print format).
- b) *Vehicle History Report Charges (excluding BC).* If the vehicle sells, the cost of the Vehicle History Report will be charged to the Buyer. Unless the Seller advises the auction that it will be using another Vehicle History Report vendor, a CarProof Claims report will automatically be generated on behalf of the Seller by the Auction. For CarProof Claims reports, the Auction will not charge the Seller (Dealer Cars and local fleet only) for reports on no sales.
- c) *Vehicle History Report Charges (BC only).* For vehicles registered or located in British Columbia at the time of sale, the cost of the Vehicle History Report will be shared by the Buyer and the Seller. Unless the Seller advises the Auction that it will be using another Vehicle History Report vendor, a CarProof BC Claims report will automatically be generated on behalf of the Seller by the Auction. The Seller (Dealer Cars and local fleet) will be charged \$20<sup>2</sup> for a CarProof BC Claims report and Buyer will be charged the balance. For CarProof BC Claims reports, the Auction will not charge the Seller (Dealer Cars and local fleet only) for Buyer's share of report costs on no sales.
- d) *Off-Site Vehicles.* For Off-Site Vehicles, when listing a Vehicle for sale Seller (Dealer, local fleet and public) will be required to post a Vehicle History Report that satisfies the VHR Standard or complete the Auction's disclosure questionnaire prior to listing.
21. **No "Backyard Deals".** All Vehicles consigned for sale at an In-Lane Sale must cross the auction block. Vehicles sold before reaching the block will be subject to all applicable fees. Customers who attempt to avoid payment of Auction fees by negotiating private sales on Vehicles offered or intended to be offered for sale through the Auction (In-Lane or Online) may have their Auction privileges temporarily or permanently suspended. **Tampering.** Odometer or parts tampering is strictly prohibited.
23. **Fees and Payment.** In consideration of the performance of the Auction's Services, you agree to pay the Auction all applicable Fees. Fees are due and payable on the date the Services are provided. You agree that the Auction may deduct the Fees and any other amounts owing by you to the Auction from any amounts that may be payable by the Auction to you, including Vehicle sale proceeds. Interest on overdue payments will accrue at the lesser of the maximum legal rate or 1.5% per month (18% per year). You acknowledge and agree that the Auction may change its Fees at any time without notice. Please contact your Auction Customer Service Representative if you require up to date Fee information.

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<sup>1</sup> Exceptions for low value vehicles may be granted at the discretion of the local Auction General Manager.

<sup>2</sup> Prices are subject to change without notice. Contact your local Auction customer service representative for current pricing. Buyer or Seller may request a CarProof Verified report or CarProof Verified BC report at its own cost. See your local Auction customer service representative for pricing.

- The Customer shall pay all costs, including, without limitation, legal fees on a solicitor and client basis, reasonably incurred by Auction to collect any amounts owed to Auction by Customer.
24. **Set off.** In addition to whatever rights of set off the Auction may have in any jurisdiction where Vehicles are sold, if Customer or any party affiliated with Customer (“**Customer Affiliate**”) fails to pay Fees or other amounts owing when due, the Auction will be entitled to immediately set off the amount owed by Customer and/or Customer Affiliate from any funds owing by the Auction to Customer and/or Customer Affiliate.
  25. **Security Interest/Hypothec.** Customer hereby grants to the Auction a continuing security interest and hypothec in all Vehicles purchased by Customer through the Auction and in all Customer Vehicles that are in the possession, custody or control of the Auction, wherever located, and all proceeds from the sale thereof to secure payment of all Fees, debts, liabilities and obligations of Customer to the Auction. If Customer fails to pay the Auction any amount when due, the Auction will be entitled to exercise the rights and remedies of a secured creditor as such rights and remedies may be provided by statute, common law, equity or otherwise.
  26. **Risk.** The Auction assumes no liability for loss or damage while Vehicles are in the possession of Auction. The Auction does not provide insurance coverage for Vehicles. The Vehicle will be and remain at the Seller’s risk until sold. Once the Buyer’s bid has been accepted as the winning bid, the Vehicle will be at the Buyer’s risk. The Vehicle will remain at the Buyer’s risk unless and until the sale is cancelled through Arbitration. If the sale is cancelled, the Vehicle will revert to the Seller’s risk until the Vehicle is resold. For Off-Site Vehicles, Vehicle remains at the Seller’s risk until released to the Buyer or until the deadline for picking up the Vehicle, whichever is earlier.
  27. **Limitation of Liability.** Customer agrees that in no event will Auction be liable to Customer for indirect damages, consequential damages, loss of goodwill, work stoppage, data loss, computer failure or malfunction or lost profits (collectively “**Damages**”). Without limiting the foregoing, Customer further agrees that the Auction will not be liable to Customer for losses or Damages due in whole or in part as a direct or indirect result of any theft, conversion, personal injury, death, loss, damage, claim, expense (including legal fees), suit or demand (collectively “**Loss**”) arising out of, based upon or resulting from the possession, transportation, use, storage or operation of any Vehicle by the Auction, including but not limited to Loss due to or caused by or during transportation, delay, Arbitration decision, cancelled sale, clerical errors, or fire, storm, flood, war, civil disturbance, riot, act of God, lightning, earthquake, personal injury, death or other similar casualty (the Auction’s wilful misconduct or gross negligence excepted). The Auction’s liability, if any, shall be limited to the sale price of the Vehicle, less 10% per month from the sale date. All liability of the Auction, if any, shall terminate 90 days after the sale date.
  28. **Indemnity.** Customer agrees to indemnify, defend and hold harmless the Auction from and against any and all liabilities, damages, losses, expenses, demands, claims, suits or judgments, including reasonable legal fees and expenses, in any way related to or arising out of the breach by Customer or by any Customer Representative of the Auction Policies.
  29. **No Warranties by Auction.** The Auction shall not be liable to either the Buyer or the Seller for any visible or latent defects in the Vehicle. The Auction does not make or guarantee any warranty, express or implied, including, without limitation, make, condition, quality, merchantability, fitness for a particular purpose, service policy, or odometer reading, with respect to any Vehicle.
  30. **Investigations.** The Auction cooperates fully with all investigations conducted by regulatory, government and police authorities (collectively “**Investigative Authority**”). By doing business at the Auction, you authorize us to comply with all reasonable requests from any Investigative Authority for information and/or documents concerning you, your business, and/or transaction history. Any Vehicle in the custody or control of the Auction may be subject to inspection by Investigative Authorities without prior notice to you.
  31. **Video/Audio.** Most In-Lane Sales are video and audio recorded. By attending an In-Lane Sale, you are consenting to the use of video and audio recordings for the purposes of Arbitrations, enforcement of the Auction Policies, and all purposes identified in the Auction’s Privacy Policy. Customers physically present at an In-Lane Sale may be identifiable in the audio or video recording. By participating in an In-Lane Sale, you consent to the Auction’s use, retention and disclosure of any audio, photograph, or video recording containing your image or voice
  32. **Sales Tax.** The Customer certifies that the Customer holds a certificate license or other permit, issued by the sales tax authority of the province and, if necessary, the locality of the Customer’s business or businesses which certificate, license or permit exempts the Customer from the payment of provincial sales tax with respect to the purchase of Vehicles and bears the number or numbers set forth in the Customer registration application. Any Vehicles purchased by the Customer at the Auction are purchased for resale in the form of tangible personal property in the regular course of business, and are of the sort usually purchased by the Customer for resale. In the event that the property is used for any purpose other than for resale, the Customer will pay directly to the proper taxing authorities such sale or use tax as may then accrue and be due and payable.
  33. **GST/HST/QST.** Sellers who are GST, HST or QST registrants may execute GST/HST election forms pursuant to subsection 177(1.3) of the Excise Tax Act or QST election forms pursuant to subsections 41.0.1, 41.2 and 41.2.1 of The Act Respecting the Quebec Sales Tax. GST, HST, or QST will be charged on *all* Vehicle purchases (including Vehicles purchased for export). GST/HST/QST is charged at the rate applicable in the province where the Vehicle is located at the time of sale. If a Customer believes that a transaction is exempt from tax (e.g. zero rated supply of goods, exports, s.87 of Indian Act, etc.), the Customer may apply for a refund from the applicable government authority of the taxes paid. *No exceptions will be made.*
  34. **Auction Authorization.** Customer hereby appoints Auction to be its agent and to act on Customer’s behalf and in Customer’s name for the purposes of completing and executing Vehicle transfer of ownership documents and sales agreements and to do all things and execute all

documents and receipts as Customer's agent relating or incidental to them. Auction may, in its discretion use an electronic signature in accordance with Ontario's Electronic Commerce Act, 2000, S.O. 2000, and similar provincial and federal laws. Customer authorizes Auction to capture and apply Customer's digital or electronic signature to Auction sale and ownership transfer documents.

## BUYER OBLIGATIONS

35. **Payment Terms.** Buyers must pay for all Vehicles purchased plus all applicable Fees by the end of business on the date of sale. If payment is made by cheque, the cheque must be in the legal or registered business name of the buying dealership (no personal cheques). Without limiting any other remedy available to it, the Auction may retain possession of Vehicles purchased by Customer and/or withhold ownership documents until all amounts owed by the Customer to the Auction have been paid. Online Buyers have 48 hours to pay from the date of sale.
36. **Know your Purchase.** This is a used Vehicle auction. Most used Vehicles have defects, flaws and/or wear and tear. Please allow for this in your bidding. Buyers should inspect Vehicles and should carefully review all Vehicle information made available to them before bidding including Run Lists, Auctioneer announcements, Vehicle History Reports, online Photos, online Condition Reports, online Remarks, Comments, and Announcements etc. as applicable. Online Buyers are expected to carefully review all photographs. Vehicle damage apparent in a photograph is not subject to arbitration. It is the Buyer's responsibility to verify the condition and history of the Vehicle within the applicable Arbitration period.
37. **Post-Sale Inspection.** For Online Buyers of Dealer Cars, local fleet Vehicles and Vehicles consigned by members of the public, a Post-Sale Inspection is mandatory on Vehicles at an ADESA Location that are sold under a Green Light and sell for \$3,000 or more. A Post Sale Inspection is recommended for Vehicles sold under a Red Light but is not mandatory. A Post-Sale Inspection on Red Light Vehicles is for informational purposes only. Fees apply. (See ADESA Canada Post-Sale Inspection Policy for applicable terms and conditions.)
38. **Information Inconsistencies.** Information regarding the description, condition or history of a Vehicle may come from multiple sources (e.g. condition report, pictures, Vehicle History Reports, text announcements, etc.) which occasionally can result in duplicate and/or inconsistent information and Disclosures. If the information provided is inconsistent or unclear, please contact your Auction Customer Service Representative for clarification prior to bidding.
39. **Bidding Process.** Please ensure that you understand the bidding process. Our auction sales are very fast-paced and energetic. If you do not understand the bidding process, please ask one of our Customer Service Representatives to assist you. For Online Sales, please also review the Online Training modules offered through the Auction Online System.
40. **Lights.** The Buyer is responsible for observing and understanding the sale lights. See Sections 70 and 71
41. **Auctioneer Announcements.** Listen carefully to the Auctioneer before the bidding begins. The Auctioneer may have important information to tell bidders (including Online bidders) about the Vehicle that is up for sale. Auctioneers will usually announce all Disclosures. Auctioneer announcements may update or correct information previously provided and, in the event of inconsistency, will take precedence. The Auctioneer is not required to repeat information about a Vehicle during the sale. If a Vehicle History Report is available online at the time of sale, Auctioneers may (but is not required to) announce all accident repair Disclosures regardless of the cost of the repairs. This information is provided as a courtesy to In-Lane Buyers so that they will have similar information provided to Online Buyers at the time of bidding. However, the dollar limits set out in Section 72 for Accident Repair disclosures continue to apply. The Buyer is responsible for listening to the Auctioneer announcements. If in doubt, ask an Auction Customer Service Representative for assistance.
42. **Arbitration and Vehicle History Reports.** Where a Vehicle History Report is made available to bidders before or at the time of sale, it is the Buyer's responsibility to read it. Information disclosed in a Vehicle History Report made available before the bidding begins will not be subject to Arbitration. If a Vehicle History Report is made available after the sale, the arbitration period for matters disclosed in the Vehicle History Report is limited to one day after the Vehicle History Report is made available, not to exceed the applicable Extended Arbitration period. Vehicle History Reports may occasionally contain inaccurate information. Arbitration may not be available for conditions disclosed in a Vehicle History Report if contradicted by other more reliable sources.
43. **Tote Board.** At most In-Lane sales there are electronic tote boards behind the Auctioneer's podium that displays the bid price of the Vehicle that is on the block. As there may be a delay between when the Auctioneer accepts a bid and when it is recorded on the tote board, you must listen to the Auctioneer carefully for the most current bid price. If there is a discrepancy between the tote board and the Auctioneer, the Auctioneer takes precedence.
44. **Ringmen/Bid-catchers.** Most of our In-Lane Sales have Ringmen (also known as Bid-catchers) who stand in the auction lane and assist the Auctioneer in identifying bids. If you want to place a bid, catch the attention of a Ringman or the Auctioneer.
45. **Payment.** Payment is required before the close of business on sale day. The method of payment is at the discretion of the Auction's General Manager. If payment in full is not received within 48 hours of the Auction sale day, the Vehicle may be re-sold at the next Auction sale on an

unreserved basis. The Buyer will be liable to the Auction for all Losses incurred including the difference in sale price (if any) plus Fees and collection costs including legal fees. Failure to pay promptly can result in the permanent loss of your Auction privileges.

46. **Insufficient Funds.** If your method of payment is not cleared by your bank (e.g. NSF cheques), you must pay the amount owing immediately with cash or certified funds. An administrative fee will apply to all uncleared payments due to insufficient funds.
47. **Title.** Regardless of the method of payment and the status of the ownership registration, title to a purchased Vehicle does not pass to the Buyer until payment in full has been made and the funds have actually been received by the Auction. Seller reserves ownership of the Vehicle, and title to and ownership of the Vehicle will not transfer to Buyer until the sale price for the Vehicle has been paid in full to Auction for benefit of Seller. For example, if payment is made by uncertified cheque, title does not pass to the Buyer until the cheque has been honoured by the drawer's bank. Notwithstanding the foregoing, the Buyer assumes full liability and responsibility for all Vehicle Losses once it has been determined in accordance with the Auction Policies that the Buyer's bid is the winning bid and all risks related to the Vehicle shall be transferred to Buyer. If the purchase of the Vehicle is financed by any lender (a "Lender") and the purchase price for the Vehicle is paid to Seller (via the Auction) by such Lender on behalf of Buyer (or by Buyer out of the proceeds of such financing), (i) Seller hereby assigns all of its rights under this contract, including its reservation of ownership, to Lender, and Buyer consents to such assignment, (ii) Buyer consents to the publication of a reservation of ownership by Seller and of the assignment thereof to Lender, by Seller, Lender or their representatives, (iii) Seller shall remain responsible as seller hereunder notwithstanding such assignment and shall indemnify and hold Lender harmless of any liability hereunder, and (iv) all terms and conditions of the loan and security agreement entered into or to be entered into from time to time by Buyer and Lender shall be applicable hereto and the purchase price of the Vehicle shall be payable in accordance with the provisions applicable to an advance made thereunder. If the purchase of the Vehicle is not financed by any lender, the Seller hereby assigns all of its rights with respect to the Vehicle to the Auction. The Seller agrees that the Auction can deduct any amounts owing by the Seller to Auction from any amounts owing to Seller hereafter. Buyer and Seller waive all rights of set-off against the Auction and each other in connection with any Vehicle sold through the Auction.
48. **Vehicle Pick-up Deadlines.** Once you have purchased and paid for your Vehicle, please remove it from the sale location as soon as possible. For In-Lane Buyers, the Vehicle pick-up deadline is 48 hours after the date of sale. For Online Buyers, the Vehicle pick-up deadline is 4 business days after the date of sale. At Auction's discretion, storage fees may be charged for failing to pick-up a Vehicle by the deadline. In addition, for Online Buyers, arbitration time limits may be shortened for failing to pick-up a Vehicle by the deadline.
49. **Transportation.** If you require assistance in arranging transportation, please notify an Auction Customer Service Representative. Please note the limitation of liability section of the Auction Policies regarding transportation Losses.
50. **Post Sale Inspection.** For In-Lane Sales, Buyer should conduct a thorough inspection before removing purchased Vehicles from the Auction site. Buyer must immediately inform Auction of any missing items (e.g. keys, books, mats) once the Vehicle has crossed the auction block. Regular Arbitration is not available, or for Online Sales, is limited, once a Vehicle has left the Auction site. All Buyers are strongly encouraged to arrange for a Post Sale Inspection of all Vehicle purchases. A Post-Sale Inspection is mandatory for many Online Vehicles (See Section 37). Ask a Customer Service Representative for information on the Auction's Post-Sale Inspection. Online Buyers must ensure that transporter informs Auction of any damage or missing items before removing the Vehicle from the Auction site or, for Off-Site Sales, the pick-up location.
51. **Exports.** If you are planning to export a Vehicle, you are responsible for ensuring that the Vehicle satisfies all Canadian export requirements and all import requirements of the destination country. The Auction does not supply documentation for import or export purposes. Arbitration is not available for Vehicles that leave Canada.
52. **Rebuilt Vehicles.** Please note that when registering an out of province Vehicle branded *Rebuilt*, the brand will be automatically changed to *Salvage* when the Vehicle title is registered in another province. For example, a Vehicle registered in BC with a *Rebuilt* title brand will automatically be given a *Salvage* title brand when the Vehicle is registered in Ontario. The Vehicle will need to undergo and satisfy the inspection requirements of the new province for Rebuilt vehicles before the title can be changed to Rebuilt in that province.

## SALE PROCESS

53. **Bidding Process at In-Lane Sales**
- a) *Tendering a Bid.* You will be deemed to have tendered a bid when you indicate, by speech, expression, hand signal or otherwise, the intention to enter a bid equal to or greater than the price being called by the Auctioneer.
  - b) *Accepting a Bid.* The Auctioneer may not accept a bid that, in the opinion of the Auctioneer, is only a nominal or fractional advance on the highest bid previously accepted by the Auctioneer or if the Auctioneer believes that the bid was not tendered in good faith.
  - c) *Tied Bids.* Where bids are tied, the Auctioneer may break the tie in any manner that the Auctioneer considers appropriate in the circumstances. The decision of the Auctioneer is final.
  - d) *Sale.* Except for If Bids, a Vehicle is sold when the Auctioneer announces that it has been sold. The Buyer who tendered the highest bid accepted by the Auctioneer immediately before the sold announcement is the successful bidder and is required to complete the sale.

- e) *If Bids*. When the bids do not reach the Seller's Reserve Price, the Auctioneer may conditionally sell the Vehicle subject to an If Bid (also called phone bid or confirmation sale). When a Buyer makes an If Bid, the Seller has two hours (or other announced time frame) to accept the bid. The bidder may not withdraw the If Bid during the If Bid time frame.

#### 54. Bidding Process for DealerBlock®

- a) *Buy Now™*. If Seller offers a Vehicle for sale at a fixed Buy Now™ price, Buyer has the right to purchase the Vehicle at the stated price without competitive bidding. Seller's Buy Now™ price is a binding offer to sell the Vehicle at the stated price. Buyer accepts Seller's offer to purchase the Vehicle at the Buy Now™ price by clicking on the appropriate on-screen button. By clicking on the Buy Now button, Buyer is required to complete the sale at the Buy Now™ price. Seller may withdraw or modify the Buy Now price at any time before it is accepted by a Buyer. Once Seller has withdrawn or modified a Buy Now™ price, it is not required to accept offers at the previous Buy Now™ price.
- b) *Place Bid Format*. Seller may offer a Vehicle for sale with a Reserve Price or minimum opening bid amount (the "**Minimum Bid**"). The Reserve Price may be disclosed or undisclosed, at Seller's option. The winning bid will be the highest bid received at the end of the auction for that Vehicle that meets or exceeds the Reserve Price. Seller may lower or remove a Reserve Price or Minimum Bid amount at any time before an auction cycle begins. A Reserve Price or Minimum Bid amount cannot be increased once bidding on the Vehicle has started. Errors in Reserve Price or Minimum Bid amount may be corrected by withdrawing the Vehicle from sale and relisting it in the next auction cycle.
- c) *If Bid Process*. From the opening of a given Sale until up to three hours after the close of such Sale (the "**Resolve Time**"), a Seller may either:
- i. Lower the hidden Reserve for the Vehicle. If the hidden Reserve price is lowered to a price that is equal to or less than the amount set by any Dealer as its Maximum Bid Amount (defined below) for that Vehicle, then the Seller will sell and such bidding Dealer will buy the Vehicle at such lowered Reserve price and such bidding dealer is the highest bidder at the end of the auction, if the auction has closed. If the auction has not closed, the competitive bidding will continue and the Vehicle will be sold to the highest bidding dealer at the end of the auction.
  - ii. Submit, or direct Auction Company in writing (including by e-mail) to communicate on Seller's behalf a counteroffer (the "**Seller's Counteroffer Price**") to the bidder with the highest bid showing for the Vehicle. Buyer may accept the Seller's Counteroffer Price (through the Auction Company's auction system or e-mail). Buyer and Seller agree that they will be bound by all acceptances communicated to the Auction during the Resolve Time. All unaccepted offers are deemed rescinded at the close of the Resolve Time. Buyer and Seller assume all risk of loss for any transaction not completed because of any failure in communication of offers and acceptance within the Resolve Time, regardless of cause.
- d) *Proxy Bidding*. The proxy bidding process allows a Customer (i.e. the proxy bidder) to enter a maximum price that it is willing to pay for a Vehicle (the "**Maximum Bid Amount**"). If a Customer's Maximum Bid Amount is greater than the current bid, the Maximum Bid Amount will not be visible to the Seller or other bidders. DealerBlock® will automatically increase the Customer's proxy bid up to its Maximum Bid Amount by the dollar increment that applies to the particular Vehicle or group of Vehicles. DealerBlock® will never increase the Customer's bid above the Maximum Bid Amount. If at the end of the auction sale the Maximum Bid Amount meets or exceeds the Reserve Price:
- i. If there are no other competitive bids above the Reserve Price, the Vehicle will be sold at the Reserve Price to the Customer that placed the Maximum Bid Amount;
  - ii. If more than one bidder submitted the same Maximum Bid Amount for the Vehicle, the Vehicle will be sold to the Customer that entered the Maximum Bid Amount first.

A Seller may pre-configure the auction cycle of a Vehicle prior to release of the Vehicle to have the auction cycle automatically extend beyond the original close time in order to prevent bidding Dealers from "sniping" (i.e., placing a bid immediately before the auction close in order to prevent a competing bid from being placed). In the event of a clerical error in the Reserve Price, Seller may withdraw the Vehicle from the sale and relist it in a new sale.

- e) *Preview Sale Proxy Bidding*. Some DealerBlock sales may offer certain Customers (as determined by the Seller) the opportunity to view DealerBlock inventory and place proxy bids before the DealerBlock sale starts (a "**Preview Sale**"). Preview Sales are typically shorter in duration than standard DealerBlock sales. Proxy bids made during the preview period will not be processed until the DealerBlock sale starts. Once the sale starts, the regular proxy bidding rules as set out in Section 54.d) will apply. As with regular proxy bidding, a bidder's Maximum Bid Amount will not be visible to the Seller or to other bidders during the preview period or during the live DealerBlock sale. During the preview period and live sale, the Seller will only have visibility into the number of unique bidders placing proxy bids. With Preview Sales, after the live sale has ended, the Seller will be able to view all proxy bid details including, the proxy bidder username, Maximum Bid Amount, proxy bid amounts placed, and date/timestamp.

- f) **Best Offer Format.** If Seller lists a Vehicle as “Best Offer”, Seller is inviting bidders to submit an offer that Seller may accept or respond to with a counteroffer. If a bid on a Best Offer listing is accepted by the Seller, the bidder and the Seller are required to complete the sale transaction at the offered price. If Seller submits a counteroffer that is accepted by the bidder, the bidder and the Seller are required to complete the sale transaction at the counteroffered price.

#### 55. LiveBlock® Sales

- a) **LiveBlock® Bidding Process.** You will be deemed to have tendered a LiveBlock® bid by selecting or entering the dollar amount of your bid in the appropriate box and selecting the appropriate LiveBlock® icon confirming your bid. Once a LiveBlock® bid is made, it cannot be withdrawn. The bid must be received by the Auction’s server and must equal or exceed the price being called by the Auctioneer to be eligible for acceptance. Except for the method of tendering the bid, the bidding process applicable to In-Lane Sales applies to LiveBlock® Bidders.
- b) **LiveBlock® AutoBids**
- i. **LiveBlock® AutoBid Bidding Process.** You will be deemed to have tendered an AutoBid by selecting or entering the dollar amount of the AutoBid in the appropriate box and selecting the appropriate icon confirming the price you are willing to pay for a Vehicle. An AutoBid is binding once submitted. You cannot modify or remove an AutoBid within two hours of the LiveBlock® sale start time. Once the LiveBlock® sale starts and the Vehicle is open for bidding, AutoBid will competitively bid in your name until there are no competitors bidding against you or until the dollar value submitted as the AutoBid is reached. If your AutoBid is surpassed, the system will stop bidding on your behalf.
  - ii. **Automatic Removal of AutoBid.** If certain Vehicle information changes after you have submitted your AutoBid, the system will automatically remove the AutoBid and you will be notified via email. Please refer to our website for further information regarding the types of changes that will automatically cancel an AutoBid.
  - iii. **Tied Auto Bids.** If two or more online Buyers enter equal AutoBids, the bid that was received by the Auction’s server first will have priority. If an AutoBid is tied with a bid tendered by a bidder who is physically present at an In-Lane Sale, the Auctioneer may break the tie in any manner that the Auctioneer considers appropriate in the circumstances. The decision of the Auctioneer is final.

56. **Gate Passes.** You or your Customer Representative must present a Gate Pass before a purchased Vehicle can be released. If you have purchased an Online or Off-Site Vehicle, you will be issued an electronic Gate Pass when: (i) the Auction has received payment, and (ii) the Vehicle is available for pick-up. As some Online and Off-Site Vehicles are in transit at the time of sale, it may take several days before the Vehicle will be available for pick-up and a Gate Pass can be issued.

57. **Reserve Prices.** Many Vehicles are sold subject to a Reserve Price. If none of the bids received equal or exceed the Reserve Price, the Vehicle will not be sold unless the Seller expressly authorizes the sale.

58. **Unwinding a Sale.** the Auction may, in its sole discretion, unwind any sale or withdraw a Vehicle from a sale if: (i) there was an error or omission in the description, Disclosures, price or any other relevant matter relating to the Vehicle; or (ii) in the circumstances, it would be fair and reasonable to do so.

59. **Disputes.** No bid may be withdrawn after it has been accepted. For In-Lane sales, if you dispute having made a bid, you must advise the Auctioneer immediately or you will be deemed to have made the bid. Where there is a dispute as to whether an In-Lane bid was made or which bid was last (which may include a LiveBlock® bid), the Auctioneer may allow the Vehicle to be put up and resold or may direct that the Vehicle be sold to the person whom the Auctioneer believes is so entitled. The decision of the Auctioneer is final. Online bids may not be retracted and are final and binding.

60. **Auction Arranged Transportation for Off-Site Vehicles (DealerBlock®).** For Vehicles sold through DealerBlock®, a Buyer may request that Auction arrange transportation on Buyer’s behalf. The Auction provides this service for a Fee and as a convenience for Buyers; however, the Auction does not warrant or otherwise endorse the services provided by third party transportation companies. By selecting “CarsArrive Transport” for a Vehicle on the ADESA.ca website or through a telephone instruction to an Auction employee, Buyer agrees to the terms in this Section in addition to any other terms set forth on the “CarsArrive” website and the Transportation sections of the ADESA.ca website:

- a) **Authorization to Arrange Transportation.** By selecting “CarsArrive Transport” for a specific Vehicle, Buyer authorizes and directs Auction to arrange the transportation of such Vehicle on Buyer’s behalf with a third party carrier.
- b) **Payment of Fees Prior to Arrangement of Transportation.** Buyer will pay Auction the transportation Fee as shown on the applicable webpage on or before the payment due date. Transportation will not be arranged until Buyer has paid all Fees including all transportation charges.
- c) **Standard Transport – Delivery Times are Estimates Only.** The “Standard Transport” section of the applicable webpage on ADESA.ca or CarsArrive System shows the estimated days until delivery. This estimate is based on a mileage algorithm and the start date is the date payment is received by Auction. Note that this delivery date is an estimate only, and Auction does not guarantee that the Vehicle will be delivered within that timeframe and is not liable for any costs associated with the late delivery of any Vehicle. In the event of a delay

in delivery, Auction will not assume or be responsible for any claims, including but not limited to: (i) decreases in the value of a Vehicle arising between the time of purchase and delivery for depreciation or other reasons, (ii) storage costs, (iii) lost sales, (iv) financing or floor planning costs, and (v) any other fees or costs incurred by the Buyer and/or passed-on by the Seller or transportation company to the Buyer. (In certain geographic areas, Auction offers an "Expedited Transport" service option, under which the Buyer may be refunded the transportation fee if the Vehicle isn't delivered within a specified period of time.)

- d) *Risk of Loss.* Risk of loss for a Vehicle remains with the Seller until the transportation company picks up the Vehicle from the grounding location, at which point the risk of loss for the Vehicle is transferred to the Buyer. If the Vehicle is damaged in transit, the Auction will, as a convenience to Buyer, use commercially reasonable efforts to assist Buyer in making a claim against transportation company or its insurer, but the Auction is not liable for any damage that occurs to the Vehicle in transit or any other liability or claim that may arise and relates in any way to the transport of the Vehicle. The Auction is not responsible for prosecuting a claim against the carrier or its insurer on Buyer's behalf.
- e) *Transportation Damage Claim Initiation.* A Buyer may initiate a claim for transportation damage on a Vehicle transported through Auction arranged transportation by notifying the Auction via the online Auction Customer Service Portal on or before the Transportation Claim Deadline and the Auction will use its commercially reasonable efforts to assist in facilitating such claim. The "**Transportation Claim Deadline**" is two calendar days after the date the Vehicle is delivered; however, if the second calendar day falls on a day that is not a business day, then the Transportation Claim Deadline is the next business day. (For example, if the Vehicle is delivered to Buyer on Thursday, then the Buyer may initiate a Transportation Damage Claim on the following Monday.)
- f) *Indemnification.* Buyer agrees to indemnify and hold harmless the Auction, its subsidiaries and other affiliates, and each of their officers, employees, and agents from any and all claims, expenses, losses and costs associated with any personal injury, property damage or delay, that may occur and that relates in any way to the transportation of Vehicles.

## SELLER OBLIGATIONS

- 61. **Fuel.** All Vehicles offered for sale must have sufficient fuel to run the Vehicle through the auction process. A refuelling fee will be charged if a Vehicle does not have sufficient fuel.
- 62. **Re-runs.** All unsold Vehicles that remain at an ADESA Location until the next sale day will be automatically washed and run on the next sale day. The Seller will be responsible for all applicable charges.
- 63. **Title/Ownership.** When you sell a Vehicle, you are guaranteeing, representing and warranting to the Auction and to the Buyer that you are authorized to sell the Vehicle, have good title to the Vehicle and that the Vehicle is free of all liens, charges, hypothecs, and encumbrances of any nature or kind whatsoever. For In-Lane and LiveBlock® sales, all documents required to permit ownership to the Vehicle to be transferred to the Buyer must be delivered to the Auction on the day prior to sale. If the ownership documents are not available on sale day, at the option of the Auction's General Manager, the Vehicle may be excluded from the sale or the Vehicle may be offered for sale under a White Light. After 48 hours, the Buyer may have the option to cancel the sale at the discretion of the General Manager, if the Auction has not received the title documents. For Off-Site sales see section 69.
- 64. **V.I.N.** Sellers may not offer a Vehicle for sale unless the original VIN plate is intact or has been replaced in accordance with provincial and federal regulatory requirements.
- 65. **Disclosure.** The Seller is responsible to ensure that all Disclosures and any other material information are announced by the Auctioneer and appear in the Online Vehicle description and/or Online Condition Report. The Seller is also responsible to ensure that any information recorded on the Vehicle windshield is accurate and that the Vehicle runs under the correct light. Condition Reports prepared by the Auction are intended to provide our customers with a brief summary of the general features and condition of a Vehicle offered for sale. Although the Auction tries to ensure that all Condition Reports are accurate, it is the Seller's responsibility to correct any errors and to ensure that all Vehicles listed for sale are accurately described and that all required disclosures have been made.
- 66. **Reserve Prices.** For In-Lane and LiveBlock® sales, unless a Seller communicates a Reserve Price to the Auction in writing (including by email or electronic input through LiveBlock®) prior to the sale date, the Seller is expected to attend at the sale to represent its Vehicle. For Vehicles sold

through DealerBlock®, if the Seller does not enter a Reserve Price when listing the Vehicle for sale, the Vehicle will be offered for sale on an unreserved basis.

67. **Price Boosting.** Price boosting (i.e. “shilling”) is strictly prohibited. Neither you nor any of your representatives, or agents may directly or indirectly bid on any Vehicles offered for sale by you through the Auction for the purposes of attempting to increase the sale price.
68. **Authority for Services (In-Lane).** The Seller authorizes the Auction to provide Services reasonably required enabling a Vehicle to cross the auction block on sale day (e.g. towing, refuelling, battery boost, etc.). The Seller will be responsible for all Fees for such Services. Regardless, the Auction is not required to provide these Services and will not be liable if it fails to do so.
69. **Off-Site Vehicle Sales**
- a) Pre-approved Customers may offer Off-Site Vehicles for sale on DealerBlock®.
  - b) The Off-Site Vehicle must at all times be under the lawful possession, custody and control of the Seller.
  - c) When an Off-Site Vehicle is sold, Seller is required to retain the Off-Site Vehicle in its custody and control until the Auction has confirmed it has received payment from the Buyer and the funds have cleared the Buyer’s bank.
  - d) Before releasing an Off-Site Vehicle to Buyer, Buyer must present an electronic gate pass issued by the Auction and Seller must verify the authenticity of Buyer’s electronic Gate Pass by comparing it to the electronic gate pass provided directly to Seller by the Auction. The Seller will be liable to the Auction for all Losses due to the unauthorized or premature release of an Off-Site Vehicle.
  - e) Seller must notify the Auction if there has been any material change in the condition of the Vehicle during the posting period. It may take one (1) business day for the change to be made to the Vehicle posting information.
  - f) The Seller must carefully review its Vehicle posting information. It is the Seller’s responsibility to correct any errors or omissions.
  - g) The Auction reserves the right to remove a Vehicle posted to DealerBlock® and/or LiveBlock® at any time.
  - h) To avoid the risk of a double sale, the Seller must advise the Auction before selling the Off-Site Vehicle to a retail (or any other) customer. In the event of a double sale, the Seller will be liable to the Auction for all Losses, including but not limited to the Off-Site Vehicle sale proceeds (if the Auction has already paid them) and all Fees including but not limited to the Sale Fee and Buy Fee. In addition, a Double Sale Fee of \$250 will be charged to the Seller on the first instance of a double sale and a Double Sale Fee of \$500 will be charged to the Seller for each subsequent instance.
  - i) The Seller will make the Vehicle (with at least one set of working keys) available for pick-up at the location specified on the Vehicle Release Form on the sale date or on such later date as the parties may agree (but no later than four (4) business days after the sale date). If the Seller fails to do so, the Auction may at its discretion: (i) charge the Seller a penalty fee, (ii) require Seller to pay some or all of Buyer’s Fees and costs, including but not limited to transport, “dry run” fees, floorplan financing interest charges and/or service charges, and/or (iii) cancel the Transaction and require Seller to refund all sale proceeds to the Auction, which will refund the Buyer.

## VEHICLE DISCLOSURES

70. **Lights.** The Auction uses a coloured light system to give bidders visual information about the conditions under which the Vehicle is being offered for sale. At In-Lane Sales, the lights mean:

Colour	Explanation
Green	Arbitration is allowed on all issues normally subject to Arbitration.
Yellow	The Seller has made Disclosure(s) regarding the Vehicle. Arbitration is not available for Vehicle conditions that have been disclosed.
Red	The Vehicle is being sold “as is”. Arbitration is limited.

White <sup>3</sup>	Any of the following Disclosures or conditions apply: (i) Auction is not in possession of the Vehicle's ownership/registration documents on sale day (ii) Out of Province <sup>4</sup> (iii) Daily Rental.
<b>NOTE: Under all Lights, for Vehicles that sell for less than \$3,000, Arbitration is limited to odometer (e.g. Odo Rollback, Odo Replaced, TKU), title issues, branding issues and existing structural damage caused by collision.</b>	

Light Combinations		
<span style="color: green;">●</span>		Green Light Sale. Arbitration allowed on all matters normally subject to arbitration.
<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	Green Light Sale with Disclosure(s). Arbitration allowed on all matters normally subject to arbitration except for disclosed conditions.
<span style="color: red;">●</span>		Red Light Sale. Vehicle is sold As Is. No specific disclosures have been made. Arbitration is limited.
<span style="color: red;">●</span>	<span style="color: yellow;">●</span>	Red Light Sale. Vehicle is sold As Is. Specific disclosures have been made. Arbitration is limited.
<p>The White Light may be on with any of the above light combinations, indicating that the: ownership/registration documents are not available on sale day, Out of Province Vehicle or Daily Rental Vehicle. Under any light, arbitration is limited for Vehicles that sell for less than \$3,000.</p>		

71. **DealerBlock® Vehicle Listing Categories.** For Vehicles offered for sale on DealerBlock®, Seller is responsible for designating the appropriate Vehicle Listing Category and ensuring that the Vehicle satisfies the requirements of the category selected. If a Seller fails to designate a Vehicle Listing Category, it will be offered for sale under the As Described category.

Vehicle Listing Category	Explanation
As Is	Vehicle sold "As Is". Arbitration is limited. (Same as Red Light or Red and Yellow Light.)
As Described	Arbitration is allowed on all issues normally subject to Arbitration except for disclosed conditions. (Same as Green Light or Green and Yellow Light)
OEM CPO Eligible	Seller Specific Policies apply. Buyer will be entitled to arbitrate conditions certified under the applicable OEM authorized certified pre-owned program in accordance with the terms of the applicable Seller Specific Policies. See specific program details referenced on the DealerBlock® vehicle listing page for further information.
Front Line Ready	<p>In addition to the arbitration rights available under the Green Light/As Described, Buyer will be entitled to arbitrate the following conditions:</p> <ul style="list-style-type: none"> <li>Required mechanical or electrical repairs</li> <li>Modified Engine - Non-OEM engine modifications have been made.</li> <li>OEM specified scheduled maintenance has not been performed.</li> <li>Oil or oil filter has not been changed within the last 250 kilometers.</li> <li>Brake Standards not met.</li> <li>Tire Standards not met.</li> <li>Battery does not hold charge.</li> </ul>

<sup>3</sup> If the Vehicle is from Alberta or Saskatchewan, please note that the Auction bill of sale stands as the Vehicle registration document. For Alberta Vehicles, a Letter of Registration Confirmation from the applicable Alberta Ministry may be provided on request (fee applies). If you are intending to register an Alberta or Saskatchewan Vehicle in another province, please confirm the documentation requirements with the applicable provincial licensing office before bidding to ensure that you will be able to satisfy them.

<sup>4</sup> The yellow light (and not white light) applies to the Grey Market and U.S. Vehicle disclosures.

	<ul style="list-style-type: none"> <li>• Non-OEM engine or engine modifications</li> <li>• Non-OEM modifications to Vehicle height, spring support or mounting.</li> <li>• Failure to pass state required emissions standards at Grounding Location or ADESA Location, as applicable.</li> <li>• Odometer rolled back, broken, or unreadable</li> <li>• Leaks or excessive wear to shock absorbers.</li> <li>• Damage or excessive wear to springs, sway bars, bushings, ball joints, or mounts, clutch leaks, has excessive noise or play.</li> <li>• Windows, headlights or taillights do not function properly</li> <li>• Alarm (if equipped) or parking brake do not function properly</li> <li>• Holes or tears in carpet or upholstery</li> <li>• Glass damage</li> </ul>
<p>For the purposes of the Frontline Ready Vehicle Listing Category:</p> <p><b>“Brake Standards”</b> means that: (i) the master cylinder should be full and fluid in good condition (ii) the hydraulic system has no leaks, cracks or signs of significant deterioration (iii) the rotors, drums, calipers and brake hardware are free of significant defects (iv) rotor thickness is more than the minimum thickness stamped on the inside of the rotor and does not have excessive lateral run-out or lack parallelism enough to cause pulsation (v) the calipers slide freely and do not stick (vi) the brake pads have a minimum of 50% material and measure to 5/16 inch or more (vii) the drums are not out of round enough to cause pulsation and have above the minimum thickness standard stamped inside the drum (viii) the brake shoes have a minimum of 3/16th of lining (ix) the parking brake maintains vehicle in parked position and releases without difficulty and (x) the brakes do not pull, clunk, scrape, squeal, grab or exhibit premature lockup.</p> <p><b>“Tire Standards”</b> means that tires, excluding space saving spare tires, are (i) all of the same make, model and size (ii) not out of round (iii) free of flat spots (iv) without visible broken belts or excessive camber/toe wear (v) free of plugs or damage to walls and (vi) having tread depth of at least 4/32 inch.</p>	
<p><b>NOTE: Under all Vehicle Listing Categories, for Vehicles that sell for less than \$3,000, Arbitration is limited to odometer (e.g. Odo Rollback, Odo Replaced, TKU), title issues, branding issues and existing structural damage caused by collision.</b></p>	

72. **Disclosures.** A Seller will build confidence in its product and credibility with Buyers by disclosing all material facts about the history and condition of Vehicles offered for sale. A Seller who offers a Vehicle for sale at the Auction is required to disclose the information listed below by making the applicable Disclosure. The list is not intended to be exhaustive. As Vehicles and our industry change, the disclosure obligations required of Sellers may similarly change. Accordingly, the Auction reserves the right to consider other information not specifically listed below.

Disclosure	Interpretation	Arbitration Period
ABS Defective	The Seller must disclose if the anti-lock braking system is not operational (if equipped). Arbitration is only available for repairs over the applicable Arbitration Dollar Threshold (see Major Repair).	Regular
Accident Repair \$ _____	The Seller must declare a Vehicle to be Accident Repaired if the total cost to fix damage caused by a single incident was \$3,000 or more (\$2,000 cumulative incidents in British Columbia). The Accident Repair declaration must be made regardless of whether the damage was caused by collision, accident, weather or by some other incident. If the dollar value of the Accident Repair is known, it must be disclosed. If the dollar value of the Accident Repair is not known but estimate data is available, the estimate data should be disclosed. Although not required, if the Seller chooses to declare an accident repair under \$3,000 (\$2,000 cumulative in B.C.), it may do so separately as an additional disclosure. Arbitration is not allowed for Accident Repairs under \$3,000 (\$2,000 cumulative in B.C. only).	Regular



Disclosure	Interpretation	Arbitration Period						
Adjacent Panels Replaced	The Seller must declare if two or more adjacent panels (excluding bumper panels) have been replaced on a Vehicle. Please note: If the panels were replaced due to an accident or other incident, depending on the cost of the repairs, it may also be necessary for the Seller to make the Accident Repair Disclosure.	Regular						
Air Bags Missing/Defective	The Seller must disclose if the Vehicle's airbags are missing or not operational. Arbitration is only available for repairs that exceed the Arbitration Dollar Threshold (see <i>Major Repair</i> ).	Regular						
Alternate Fuel or Conversion	The Seller must disclose if the Vehicle uses propane or natural gas, or at any time had a propane or natural gas fuel system.	Regular						
Excessive Rust	The Seller must disclose if the Vehicle suffers from excessive rust. Rust is considered to be excessive when the location or quantity of the rust affects the structural integrity of the Vehicle, e.g. the frame or any structural component is perforated by rust.	Regular						
Fire Damage	The Seller must disclose if the Vehicle has been damaged by fire.	Extended						
Flood Damage	The Seller must declare a Vehicle as Flood Damaged when: <ul style="list-style-type: none"> <li>• water or other liquid has penetrated the Vehicle to the level of the floor boards or higher; or</li> <li>• if any of the following components have been damaged due to immersion: <ul style="list-style-type: none"> <li>➢ Front or rear lighting or wiring harnesses</li> <li>➢ Engine and its major components</li> <li>➢ Transmission and differential</li> <li>➢ Dash instrument panel and wiring</li> <li>➢ Passenger seat cushions</li> <li>➢ Power seat or window motor</li> <li>➢ Major sound system components</li> </ul> </li> </ul>	Extended						
Grey Market <sup>5</sup>	The Seller must disclose if the Vehicle was ever registered in a country other than the United States or Canada in the past 36 months or manufactured not in compliance with North American standards. All Grey Market Vehicles offered for sale must include a CarProof Verified Vehicle History Report, or equivalent.	Regular						
Incorrect Vehicle Marking	The Seller must disclose if any logo, badge, decal, emblem, ornament or similar markings on the Vehicle do not match the make, model or series of the Vehicle.	Regular						
Irreparable	Regardless of whether the title has been branded, the Seller must disclose if the Vehicle is not capable of being repaired for roadworthy operation and may only be used for parts or scrap. Irreparable Vehicles are assumed to also be Total Loss Vehicles and thus the Total Loss declaration does not need to be made.	Extended						
Kms _____	If the odometer reading is accurate, the Seller must disclose the distance the Vehicle has travelled as indicated on the odometer. Minor odometer discrepancies of 3,000 km or 5% (whichever is less) are not subject to Arbitration.	Extended						
Major Repair _____ (details)	Where the cost of repair exceeds the Arbitration Dollar Threshold, the Seller must disclose: (a) if a Major Component of the Vehicle is defective or not operational; (b) body damage (including hail damage); (c) non-mechanical or non-electrical defects (excluding Wearable Items and Normal Exterior Wear and Tear); and (d) listed accessories that are not working (e.g. cruise control, lane departure warning). <b>Arbitration Dollar Threshold:</b> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Vehicle Sale Price</u></td> <td style="text-align: center;"><u>Arbitration Dollar Threshold</u></td> </tr> <tr> <td style="text-align: center;">Under \$40,000:</td> <td style="text-align: center;">\$750</td> </tr> <tr> <td style="text-align: center;">\$40,000 and over:</td> <td style="text-align: center;">2% of the Vehicle sale price</td> </tr> </table>	<u>Vehicle Sale Price</u>	<u>Arbitration Dollar Threshold</u>	Under \$40,000:	\$750	\$40,000 and over:	2% of the Vehicle sale price	Regular
<u>Vehicle Sale Price</u>	<u>Arbitration Dollar Threshold</u>							
Under \$40,000:	\$750							
\$40,000 and over:	2% of the Vehicle sale price							

<sup>5</sup> BC mandates a seller to disclose if a vehicle was brought to BC for the purposes of resale. If known, this disclosure should also be made. Otherwise, Buyer should review the registration history to determine whether this disclosure is applicable. No arbitration is available regarding this disclosure.

Disclosure	Interpretation	Arbitration Period
	<p>The Arbitration Dollar Threshold is calculated before taxes, on a non-cumulative basis and in accordance with standard Mitchell warranty rates.</p> <p>Major Components include:</p> <ul style="list-style-type: none"> <li>➤ Engine</li> <li>➤ Transmission</li> <li>➤ Power train</li> <li>➤ Sub-frame</li> <li>➤ Electrical/Air ride suspension</li> <li>➤ Computer equipment</li> <li>➤ Fuel operating system</li> <li>➤ Electrical system</li> <li>➤ Emissions system</li> <li>➤ Anti-lock braking system</li> </ul> <p><i>Wearable Items</i> and <i>Normal Exterior Wear and Tear</i> are not subject to arbitration.</p> <p><b>Wearable Items</b> are parts of the Vehicle that the manufacturer recognizes the need for replacement or adjustment during the expected life of the vehicle. These items are normally identified in the Owner's Manual for routine check and replacement and include but are not limited to: wipers, brake pads, shoes, rotors, calipers, belts, hoses, lubricants, fluids, timing belts, bulbs, filters, manual clutch, shocks and struts.</p> <p><b>Normal Exterior Wear and Tear</b> means damage that would be considered normal wear and tear given the distance travelled and age of the Vehicle and is not easily seen, such as scratches that do not break the paint, minor nicks, cuts and/or scuffs.</p>	
Manufacture Repurchase _____ (details)	The Seller must disclose if the Vehicle was repurchased by the manufacturer under the Canadian Motor Vehicle Arbitration Plan, or under the laws of any jurisdiction including but not limited to U.S. lemon laws. If the reasons for, date and/or jurisdiction of the repurchase are known, they should be disclosed.	Regular
Material Variation from Production Specs	The Seller must disclose if the Vehicle varies materially from the original manufacturer's specifications.	Regular
Odo 5 digit	The Seller must disclose if the odometer is a 5 digit odometer with over 100,000 miles or kilometers.	Regular
Odo Broken/Faulty	The Seller must disclose if the odometer of the Vehicle is broken or faulty, i.e. not accurately tracking distance driven.	Regular
Odo in Miles	The Seller must disclose if the odometer is in miles.	Regular
Odo Replaced	The Seller must disclose if the odometer has been replaced.	Extended
Odo Roll back	The Seller must disclose if the odometer has been rolled back.	Extended
Odo Unreadable	The Seller must declare the odometer to be unreadable if it is accurately tracking distance driven but cannot be read due to pixel damage, because the Vehicle cannot be started to obtain an odometer reading, or similar reasons.	Regular

Disclosure	Interpretation	Arbitration Period
Out of Province <sup>6</sup> _____ (list)	If the province of the last registration (or equivalent) to a retail customer is different than the jurisdiction from which the Vehicle is currently being sold, the Vehicle must be declared an out of province Vehicle and the Seller must identify the last province in which the Vehicle was registered (or equivalent) to a retail customer.  For Vehicles sold in Ontario only: A Vehicle remains an out of province Vehicle and must be so declared, if it was previously registered to a retail customer in another province and has been registered in Ontario for less than 7 consecutive years. The Seller must declare all of the provinces in which the Vehicle was previously registered.	Regular
Previous Daily Rental	The Seller must disclose if the Vehicle was previously used as a daily rental vehicle at any time in the previous 24 months.	Regular
Previous Driving School Vehicle	The Seller must disclose if the Vehicle was previously used as a driving school vehicle.	Regular
Previous Emergency Services Vehicle	The Seller must disclose if the Vehicle was previously used as an emergency services vehicle.	Regular
Previous Police Vehicle	The Seller must disclose if the Vehicle was previously used as a police cruiser.	Regular
Previous Racing Vehicle	The Seller must disclose if the Vehicle was previously used in organized racing.	Regular
Previous Taxi/Limo	The Seller must disclose if the Vehicle was previously used as a taxi or limousine.	Regular
Stolen and Recovered	The Seller must disclose if the Vehicle was recovered after being reported stolen.	Extended
Structural Alteration	The Seller must disclose if there has been an alteration to the Vehicle's structure such as lengthened or shortened frame, modified suspension, snow plow, hitch or fifth wheel.	Regular
Structural Damage	The Seller must declare a Vehicle to have structural damage if there has been damage to the structure or a specific structural component of the Vehicle that meets the definition of structural damage set out in Section VIII of the National Auto Auction Association's Arbitration Policy regarding Structural Damage. (See the <i>Standards</i> section on the NAAA website found at <a href="http://www.naaa.com">www.naaa.com</a> )	Extended
Title Branded _____ (brand)	The Seller must disclose if the Vehicle's title has been branded in accordance with provincial or state law and must indicate the brand(s) assigned. Please see Section 52 for important information regarding registration of Rebuilt Vehicles out of province.	Extended
TKU	The Seller must declare a Vehicle TKU (true kilometres unknown) if the distance traveled is unknown and there are no reliable records available to verify the odometer reading as of a certain date. When this Disclosure is made, it should be assumed that the total distance that the Vehicle has been driven is substantially higher than the reading shown on the odometer.	Extended
TKU _____ km as of _____ (date)	If the total distance driven is unknown, but based on reliable records, the distance driven as of a certain date is known, the Seller must declare the last known distance and provide the date. When this Disclosure is made, it should be assumed that the total distance that the Vehicle has been driven is higher than the reading shown on the odometer.	Extended
Total Loss	The Seller must declare if an insurer determined the Vehicle was a total loss.	Extended

<sup>6</sup> The Out of Province Disclosure only needs to be made in those provinces where the disclosure is required by law.

BC mandates a seller to disclose if a vehicle was brought to BC for the purposes of resale. If known, this disclosure should also be made. Otherwise, Buyer should review the registration history to determine whether this disclosure is applicable. No arbitration is available regarding this disclosure

Disclosure	Interpretation	Arbitration Period
U.S. Vehicle <sup>7</sup>	The Seller must declare if the Vehicle was ever registered in the United States or manufactured not in compliance with Canadian standards. All U.S. Vehicles offered for sale must include a CarProof Verified Vehicle History Report, or equivalent.	Regular
VIN Plate issues	The Seller must disclose if the original VIN plate (on the driver's side of the dashboard) has been removed, altered or replaced. Vehicles may not be offered for sale unless the original VIN plate is intact or has been replaced in accordance with provincial and federal regulatory requirements.	Regular
Warranty Cancelled	The Seller must disclose if the manufacturer has cancelled the warranty on the Vehicle or has given notice of its intention to do so. Notice of warranty cancellation given after the date of sale is not subject to Arbitration.	Regular
Year _____ Make _____ Model _____ Series _____	The Seller must disclose the year, make, model and series (i.e. trim level) of the Vehicle as indicated by means of VIN decoding.	Regular

73. **Open Recalls.** ADESA follows the NAAA (Canada) standards for Open Recalls ([www.naaa.com/standards/Open\\_Recall\\_Canada.htm](http://www.naaa.com/standards/Open_Recall_Canada.htm)). Transport Canada and the US National Highway Traffic Safety Administration (NHTSA) both offer search tools which provide open recall status on vehicles (Transport Canada: [www.tc.gc.ca](http://www.tc.gc.ca); NHTSA: [www.safercar.gov](http://www.safercar.gov) ). A Seller will build credibility in its product, and a Buyer will have more confidence in its purchase decisions when there is disclosure and/or awareness of all material facts about a vehicle being offered for sale or considered for purchase. As such, ADESA recommends Sellers use Transport Canada, NHTSA' s and/or Manufacturer VIN lookup tools on each vehicle registered for sale and provide disclosure to Buyers of such information in the event an open recall exists on any particular vehicles and that Buyers use the same on each vehicle being considered for purchase to ensure awareness of all material facts prior to bidding on vehicles. **\*Please note, this recommendation does not change current arbitration policies. If, due to the nature of the recall, the dealer is prohibited by law from retailing the vehicle in Canada, the outstanding recall must be disclosed.**

74. **MAJOR DECEPTION.** Regardless of the light under which the Vehicle ran, the Vehicle listing category, or the limits on arbitration as stated in these Policies, the Auction reserves the right to allow arbitration and/or suspend a Customer's auction privileges where the Customer has engaged in Major Deception.

75. **Limitations on the Availability of Arbitration**

Arbitration is not available for the following:	Exceptions:
Matters that were properly disclosed as Seller Disclosures.	None
Matters disclosed in a Vehicle History Report, Condition Report or similar source made available to the Buyer before the bidding begins. <i>Note: Arbitration may not be available for conditions disclosed in a Vehicle History Report if contradicted by other more reliable sources.</i>	None
Vehicles sold for \$3,000 or more under a Red Light	Odometer (Odo Roll back, Odo Replaced, TKU) Title issues Branding issues Existing structural damage caused by collision
Vehicles sold for less than \$3,000	Green Light Sale Odometer (Odo Roll back, Odo Replaced, TKU) Title issues Branding issues
Vehicles with over 160,000 kms	Green Light Sale Odometer (Odo Roll back, Odo Replaced, TKU) Title issues Branding issues Existing structural damage caused by collision

<sup>7</sup> BC mandates a seller to disclose if a vehicle was brought to BC for the purposes of resale. If known, this disclosure should also be made. Otherwise, Buyer should review the registration history to determine whether this disclosure is applicable. No arbitration is available regarding this disclosure.



Vehicles older than 20 model years	Green Light Sale Odometer (Odo Roll back, Odo Replaced, TKU) Title issues Branding issues Existing structural damage caused by collision
Matters raised outside of the applicable Arbitration period.	At Auction's discretion
Vehicles not intended for use on a public roadway (e.g. boats, snowmobiles, equipment)	Green Light Sale
Antique vehicles, recreational vehicles, motor homes, or motorcycles	Green Light Sale
Wearable Items and Normal Wear and Tear.	None
Minor odometer discrepancies of 3,000 km or 5% (whichever is less).	None
Noise and Inherent Conditions. Arbitration cannot be based on noises or conditions that are inherent or typical to a particular model or manufacturer, unless deemed "excessive" by the arbitrator on non-warranty items. OEM dealer warranty guidelines will be used where applicable to determine whether the condition is excessive.	None

## ARBITRATION

76. **Arbitration Services.** The Auction offers an Arbitration service to resolve disagreements between Buyers and Sellers. Our process is designed to be impartial, quick, and economical. The overall purpose of Arbitration is to maintain the integrity and fairness of the auction process for both Buyers and Sellers. Our Arbitration professionals are trained Auction employees who understand the automotive remarketing business.
77. **Closed Sale Rules.** "Closed Sale" means an In-Lane or Online sale hosted by a Seller using ADESA's services at which only certain Buyers designated by the Seller (typically franchise dealerships of a specific manufacturer brand) are permitted to bid on and buy Vehicles. "Open Sale" means an In-Lane or Online sale hosted by ADESA at which all Buyers are permitted to bid on and buy Vehicles. Closed Sales may be subject to different Arbitration rules which are set by the Vehicle Seller (the "Closed Sale Rules"). The Closed Sale Rules apply only to the Buyers designated by the Seller as eligible to bid on and buy Vehicles in the Closed Sale (the "Closed Buyers") and the Seller is responsible for communicating those rules to the Closed Buyers. For Vehicles first listed in an Online Closed Sale (also known as a "Private Label" sale) and then moved to an Online Open Sale (i.e. the restriction on permitted Buyers is lifted), then: (a) these Arbitration Rules (and not the Closed Sale rules) will apply to Vehicles sold in the Open Sale to Buyers who are not Closed Buyers; and (b) the Closed Sale rules will apply to Closed Buyers regardless of whether they bought the Vehicle in a Closed Sale or Open Sale.
78. **Starting an Arbitration Claim - In-Lane and LiveBlock® Sales**
- a) *Pay for Vehicle.* An Arbitration claim may not be started until the Buyer has paid for the Vehicle in full.
  - b) *Contact Arbitration Department.* After paying for the Vehicle, a Customer may initiate an Arbitration claim by contacting the Auction's Arbitration department before the end of the Arbitration period and providing the information required to complete an Arbitration form. Only those matters identified in the Arbitration form will be considered by the Arbitrator. Regular Arbitration claims may be submitted only once per Vehicle sale.
  - c) *Arbitration Location.* For In-Lane Sales, the Arbitration must be initiated at the Auction location where the Vehicle was purchased.
79. **Starting an Arbitration Claim – DealerBlock® Sales**
- a) *Start Arbitration Claim.* Before starting a claim, Buyer must pay Auction all amounts owing including any transportation costs. Buyer starts arbitration claim by submitting appropriate information and documentation online to Auction arbitration department through Auction Customer Service Portal (or as otherwise directed by Auction Company) before the expiry of the arbitration period. Buyer submits the following information: Buyer's name and telephone number; contact person and telephone number; Vehicle VIN, model and year; Delivery Time; and a description of the issue(s) to be arbitrated.
  - b) *Submit Supporting Documentation.* No later than 2 business days after starting the claim, Buyer is required to submit supporting documentation, including but not limited to: (i) digital photographs of the defect(s) underlying the Claim, (ii) wholesale (not retail) repair estimates from an independent and reputable source; and (iii) bill of lading, transport release form, or other form of delivery receipt from transportation company to establish when the vehicle was delivered, if applicable.

- c) **Buyer's Obligations.** Buyer will not use any Vehicle or make any repairs or improvements to a Vehicle that is subject to an arbitration claim. Buyer may lose the right to make or continue a claim if Buyer drives Vehicle other than for test-driving purposes (not to exceed 20 kms if Vehicle transported by carrier, or 250 kms if Vehicle transported by drive-away). Pending a final decision on the claim, Buyer must, at its own expense, take reasonable steps to care for, preserve, secure and store the Vehicle until the Vehicle is properly returned. Buyer is not entitled to charge any parking, marshaling or other fees in connection with its preservation of the Vehicle. Buyer will be charged the cost of damage repair and/or assessed a penalty fee for any breach of this provision. If Buyer makes any repairs or improvements to a Vehicle while an arbitration claim is pending, it does so at its own risk. Generally, these costs will not be recoverable from the Seller; however, exceptions may be made in very limited circumstances at the Arbitrator's discretion.

80. **Arbitration Periods.** Depending on the nature of the claim, the Arbitration period will either be Regular or Extended.

- a) **Regular.** For In-Lane Sales, the Regular Arbitration period is the end of business on sale day. The Vehicle must remain on the Auction premises or the Buyer risks losing the right to make a claim. For Online Sales, the regular Arbitration period is one (1) business day after delivery of the Vehicle to the Buyer<sup>8</sup>. See Section 80.c) regarding arbitration period for Vehicle History Report disclosures.
- b) **Extended.** For In-Lane Sales, the Extended Arbitration period is seven (7) calendar days from the date of sale. For Online Sales, the Extended Arbitration period is the later of: (i) seven (7) calendar days from the date of sale; or (ii) two (2) calendar days after the Vehicle is delivered to the Buyer (excluding weekends and statutory holidays in the province of delivery). See Section 80.c) regarding arbitration period for Vehicle History Report disclosures.
- c) **Arbitration Period for Vehicle History Report Disclosures.** For both In-Lane Sales and Online Sales, for information disclosed in a Vehicle History Report delivered after the sale, the arbitration period is one (1) business day after the Vehicle History Report is made available or the applicable Extended arbitration period, *whichever is less*. No arbitration is available for disclosures in a Vehicle History Report that is made available before bidding begins.
- d) **Lengthening the Arbitration Period.** The Auction reserves the right to lengthen the Arbitration period when, in the opinion of the Auction General Manager (for DealerBlock®, in the opinion of the Arbitrator) it would be fair and reasonable to do so. Although the Seller is required to make all applicable Disclosures, the Buyer is also required to be diligent in its inspection and research of its Vehicle purchases. Thus, if, by exercising reasonable diligence, the Buyer could have discovered a potential Arbitration issue within the applicable time period, it is unlikely that an exception to the Arbitration time limits will be made.
- e) **Summary:**

	In-Lane Buyer	Online Buyer
<i>Regular</i>	End of business on sale day	1 business day after delivery
<i>Extended</i>	7 calendar days	Later of: 7 calendar days from date of sale or 2 calendar days after delivery.
<i>Vehicle History Report Disclosures</i>	Earlier of: (i) 1 business day after Vehicle History Report provided, or (ii) 7 calendar days after date of sale.	Earlier of: (i) 1 business day after Vehicle History Report provided, or (ii) later of 7 calendar days after date of sale, or 2 calendar days after delivery.

81. **Investigation.** The Arbitrator will review only issues identified in the initial claim. The Arbitrator may, but is not required to, consult with the Buyer, Seller or both parties to gain a better understanding of the issue(s) under Arbitration. Depending on the issue, the Arbitrator may also seek the advice of the Auction's mechanics, trained vehicle inspectors or other experienced Auction staff. When appropriate, the Arbitrator may refer the Vehicle to an external resource such as an authorized dealership or specialty shop for consultation.

82. **Decision.** After completing the investigation, the Arbitrator will decide whether the Arbitration complaint is valid. Before deciding what the remedy should be, the Arbitrator may attempt to mediate a resolution between the Buyer and the Seller. If agreement cannot be reached, the Arbitrator will decide the appropriate remedy, if any.

### 83. Remedies

- a) **Generally.** The Arbitrator has a broad discretion to grant any remedy or relief that he/she considers to be fair and reasonable in the circumstances. The purpose of the Arbitration remedy is to ensure that the aggrieved party is fairly compensated for its loss. In some circumstances, such as where a Disclosure does not affect the value of the particular Vehicle, there may be no loss and thus no remedy. Remedies could involve: cancellation of the sale and refund of the purchase price, reimbursement of costs and/or expenses incurred,

<sup>8</sup> Please note the Remedies limitation applicable to Online Sales that are eligible for regular Arbitration.

partial refund of the purchase price, repair of defect at Seller's expense, repair of defect with the costs apportioned between the Buyer and the Seller, no financial or other compensation, or similar remedies.

- b) *Limitation for Online Sales.* Online Buyers require a Post-Sale Inspection to be eligible for full Arbitration remedies. A Post-Sale Inspection is mandatory for many Online Vehicle purchases (see Section 37). For all Online Vehicle Sales, in the absence of a Post-Sale Inspection, if the arbitrator determines that the sale should be cancelled, (except for Seller's Major Deception) the online Buyer's remedy will be limited to the purchase price of the Vehicle. All other expenses incurred by the Buyer including, without limitation, transportation expenses, mechanical repair expenses and reconditioning expenses will not be recoverable. Please note that this limitation does not apply to Off-Site Vehicles.
84. **Arbitration Fees and Costs.** The Auction reserves the right to assess an Arbitration Fee against the Buyer and/or Seller. If the Auction incurs costs as part of its investigation (e.g. referral to an external resource, towing, transportation, etc.) the Arbitrator, as part of the remedy imposed, will determine liability to pay the costs incurred. Arbitrations that result in the cancellation of an Off-Site Vehicle sale will automatically be subject to a Void Fee of \$300 (if Vehicle has not left the original Off-Site location) or \$400 (if the Vehicle has left the original Off-Site location).
85. **Finality.** The decision of the Arbitrator and the remedy imposed is final and binding on the Buyer and Seller. By doing business at the Auction, the Buyer and Seller agree to participate in the Auction's Arbitration process and to observe, perform and be bound by the decision of the Arbitrator. Upon fulfilling the Arbitrator's decision, the Buyer and Seller are deemed to release each other from all claims and demands in respect of the matters referred to Arbitration.
86. **Return Process**
- a) *Return Process for DealerBlock at-Auction, In-Lane and LiveBlock® Sales.* If the Arbitrator determines that the sale should be cancelled, the Buyer must return the Vehicle to the closest Auction Location. A Vehicle is not considered returned until it is received, inspected and approved for return by Auction management. A returned Vehicle must be in the same or better condition as when it was sold. An excess kilometres fee may be assessed against returned Vehicles.
- b) *Return Process for Off-Site Vehicle Sales.* If the sale is cancelled, Buyer and Seller will follow the instructions provided by the Arbitrator regarding arrangements for pick-up and delivery of the Vehicle. Buyer will make the Vehicle available for pick-up by the Seller. Seller will be responsible for all Vehicle return transportation costs and, if so determined by Arbitrator, Buyer's transportation costs. If Vehicle is returned to an ADESA Location, the return process applicable to DealerBlock®, In-Lane and LiveBlock® sales will be followed. If Vehicle is not returned to an ADESA Location, risk of loss of the Vehicle remains with Buyer until the Vehicle is delivered to Seller or to Seller's carrier or other agent. Buyer is responsible for ensuring that at time of delivery to Seller, Vehicle is in the same or better condition as when it was sold.
87. **Customers.** Arbitration is a service available to Auction Buyers and Sellers only and not to their customers. The service is not available if the Buyer no longer has possession or ownership of the Vehicle.
88. **Legal Proceedings.**
- a) No action or legal proceedings will be commenced or prosecuted by the Buyer or the Seller against the other concerning:
- i. Any matter that is or was the subject of Arbitration unless to enforce the terms or conditions of the Arbitrator's decision; or
  - ii. Any matter for which Arbitration is not available under the Auction Policies unless Arbitration is not available because and only because the time limit for submitting the matter to Arbitration including any extension of the time period has expired.
- b) No action or legal proceeding will be commenced or prosecuted by the Buyer or the Seller against the Auction for any matter, cause or thing directly or indirectly related to the Auction's Services or the failure to provide Services, including but not limited to Arbitration services. The Buyer and the Seller release and waive all rights, remedies, claims, and causes of action against the Auction from any claim or remedy whatsoever, whether known or unknown, for or by reason of using the Auction's Services or facilities including but not limited to its Arbitration services.

Please Note. The Arbitration process is not a tool for price reduction or for dealing with "Buyer's remorse". Buyers are cautioned to avoid impulse buying and to inspect Vehicles thoroughly before bidding. All used Vehicles generally have flaws and may require repairs. Buyers should allow for this in their bidding. Arbitrations are regularly monitored by the Auction. Sellers who repeatedly fail to properly represent their Vehicles by making all required Disclosures or Buyers who repeatedly submit questionable Arbitration claims, may have their Auction privileges temporarily or permanently suspended.