



COPART SELECT

Arbitration Policy

Effective Date: May 25, 2023



I. Scope and Application

As confirmed in Copart's Member Terms and Conditions, <https://www.copart.com/Content/us/en/Member-Terms-and-Conditions>, Copart, Inc. and its affiliates ("Copart") facilitate vehicle sales transactions between Sellers and Members around the world. Sellers are responsible to provide accurate information about vehicles listed for auction through Copart's online platform, and while the vast majority of vehicles are sold "as is, where is," Members are entitled to rely on certain Seller representations when bidding on vehicles designated as "Copart Select." The **Copart Select** designation applies to whole car, clean title vehicles, which are in turn given Green or Yellow "Sale lights" designations that describe the condition and disclosures required, if any, related to the vehicle being sold.

As an industry leader in vehicle auctions since 1982, Copart recognizes the benefit of implementing this Arbitration Policy for Members who purchase a Copart Select vehicle to ensure a smooth, transparent, buying experience. This Sale lights **Arbitration Policy** is intended to provide an internal Copart resource dedicated to addressing qualifying Member complaints about Copart Select Vehicles, obtaining impartial repair appraisals, facilitating reasonable, cost-effective resolutions, and increasing Member satisfaction. This Arbitration Policy is only applicable to qualifying Copart Select transactions.

This Sale lights Arbitration Policy is provided as a fee-based service to qualifying Members. Copart retains the right in its sole discretion to change the terms and conditions of this Arbitration Policy, with or without notice, at any time. Copart also retains the right to seek information or documents from any source in making a final, binding determination in any arbitration under this Policy.

II. Copart Sale Lights System

Copart utilizes a standard system using light colors to describe the condition and/or disclosures related to a Copart Select vehicle being listed for sale on Copart's auction platform. The Sale Lights used in Copart's system are defined as:

- 1. Green Light – Guaranteed:** A Green Light signals that a Copart Select vehicle is guaranteed by the Seller under the conditions outlined in this Policy, and eligible for arbitration for qualifying defects.
- 2. Yellow Light – Limited Guarantee:** A Yellow Light signals to the Buyer that the Seller has made announcements that qualify or clarify the condition or equipment of a Copart Select vehicle, such that there is limited eligibility for arbitration under this Policy. A Yellow Light is automatically assigned to any vehicle exceeding 15 years of age, over 150,000 miles, or having material hail damage.

Any issues or defects requiring disclosure under this Policy must be announced using Green or Yellow Lights.

III. Arbitration Guidelines:

As provided in Appendix 1 below, Members may elect arbitration under this Policy for Copart Select vehicles that possess any defect that a Copart Select Seller failed to disclose or announce at the time of sale. Actual or suspected defects must be reported to Copart within the time frame noted below to be eligible for arbitration under this Policy, and vehicles must be returned to Copart in the same or better condition than when purchased, with no more than 100 miles added to the total mileage.



Copart Arbitration Policy Guidelines

Copart Seller Disclosure/Announcement	Disclosure Announcement	
	Green Light Only	Yellow Light Only
Major Components		
Engine Problem*	YES	YES
Cracked or Repaired Block	YES	YES
Transmission Problems*	YES	YES
4x4 System Inoperability*	YES	YES
ABS Problem*	YES	NO
Emission Control Equipment Missing or Inoperable*	YES	NO
SRS - Missing or Problem with Airbags*	YES	NO
Vehicle History Issue		
Total Loss and/or Salvage Retention (By Insurance Records)**	YES	YES
Bonded, Insurance and/or Salvage Titles (Including History)**	YES	YES
Flood Damage by Auction Inspector	YES	YES
State-Issued VIN Plates (Including Kit Vehicles)	YES	YES
Flood Damage History (Discovered by DMV and/or Insurance Company Records)**	YES	YES
Arbitration Deadlines		
	7 Days from sale date	7 Days from sale date

* As determined by OBDII scan, included on all Copart Select lots

** As determined by AutoCheck, included on all Copart Select lots

1. **Deadline to Pursue Arbitration:** Refer to Appendix 1 above for arbitration time periods. The day of the sale is Day 1. Arbitration shall end at the close of business as determined by Copart on the last calendar day in the specified time period.
2. **Eligibility:** Any single mechanical defect that requires a repair cost of \$800 or more due to a Copart Select Seller's alleged failure to announce or disclose it per Appendix 1 is eligible for arbitration on Copart Select vehicles sold under qualifying Sale Lights. The Buyer may pursue arbitration only once per sales transaction.
3. **Fees:** Copart reserves the right to charge an arbitration fee of \$400 to the Buyer. The Buyer is responsible for the cost of shipping the vehicle subject to the claim back to Copart. The arbitration fee, shipping costs, and any other costs reasonably incurred in the arbitration process will be refunded to Buyer if an arbitration claim is successful.
4. **Arbitration Process:** A Buyer is responsible to timely submit an arbitration claim by emailing Copart's Arbitration Claim team at CopartSelectClaims@Copart.com. In its sole discretion, Copart will determine whether a claim is eligible for arbitration, and appoint an internal arbitrator for each eligible claim. The appointed arbitrator will inspect only the defect specified on the Buyer's initial arbitration claim form. The arbitrator will assess the validity of the claim and determine whether the Copart Select Seller failed to announce or disclose an eligible mechanical defect. The arbitrator will also determine reasonable repair costs, based on Copart's cost to repair the defect noted on the arbitration claim form. The arbitrator will then determine if a refund or reduction in price is warranted, and if so, the amount. If a refund is granted and accepted, the sale will be reversed. If a price reduction is granted and accepted, the vehicle remains the legal property of the Buyer. In every arbitration that results in a refund or price reduction, Copart reserves the right to charge the Seller the arbitration fee, transportation fee, and any repair estimate or other fees associated with the arbitration. The decision of any Copart arbitrator is final and binding upon both the Buyer and Copart Select Seller.
5. **Not subject to arbitration:**
 - a. **Inherent Conditions:** Conditions that are inherent or typical to a particular model or manufacturer are not eligible for arbitration. Manufacturer warranty guidelines will be used wherever applicable to determine whether the condition is inherent.
 - b. **Manual Transmissions:** Vehicles with standard (full or partial shift) transmissions are not eligible for arbitration regarding manual clutch assemblies unless the defect will not allow a safe test drive.
 - c. **Wearable Items:** Auction will not arbitrate vehicles for wearable items normally worn vs excessively worn or inoperative (not inherent). For purposes of this policy wearable items are defined as parts of the vehicle that the manufacturer recognizes the need for replacement/adjustment during the expected life of the vehicle driven the

average miles per model year (15k). These items are normally identified in the Owner's Manual for routine check and replacement and would include, but are not limited to, air ride suspensions, other suspension components, tires, wipers, brake pads, shoes, rotors, belts, hoses, lubricants/fluids, timing belts, bulbs, filters, shocks and struts.

d. EDVH Information: Aside from reports listed in Section V.3 of this Arbitration Policy, information provided in Electronic Data Vehicle Histories (EDVH) or printed EDVH reports, standing alone, is not eligible for arbitration. Copart and Copart Select Sellers are not bound by information listed in EDVH. Examples of EDVHs include Carfax, NMVTIS, etc. Copart may further investigate the history of a vehicle based on information found in an EDVH for information that may impact arbitration.

e. Vehicle Grades: Vehicle grades or other types of scoring systems placed upon the vehicle outside of the Sale Lights policy are not eligible for arbitration and are not binding on Copart in any way. Only damage or defects that were present at the time of the sale of the vehicle are eligible for arbitration.

f. Vehicles Driven More than 100 Miles: Vehicles driven more than 100 additional miles after time of sale are not eligible for arbitration.

IV. General Policies:

1. Fair and Ethical Sales

All sales transactions on Copart's auction platform must promote the fair and ethical treatment of all participants. If Copart determines that a transaction isn't fair or ethical to the Buyer or Copart Select Seller, both parties agree that Copart has the right to cancel the sale, at its sole discretion, subject to limitations under Federal, State or Local law.

2. Copart's Role in Sale

As confirmed in Copart's Member Terms and Conditions, <https://www.copart.com/Content/us/en/Member-Terms-and-Conditions>:

a. Copart makes no representations or warranties on any vehicle sold or offered for sale through its auction platform, except as provided in this Policy for eligible Copart Select transactions. To the extent that Copart's Member Terms and Conditions conflict with this Policy, this Policy will govern.

b. The sales transaction is between the Copart Select Seller and Buyer only, and Copart is not a party to the contract or sale.

c. Copart reserves the right to review any audio/video documentation to verify the accuracy of any vehicle listed for sale through Copart's auction platform.

d. Any vehicle consigned with Copart is subject to government inspection, with or without prior notice, by the FBI, State Police, National Auto Theft Bureau, Local Police Authorities, any other governmental agency, or quasi-governmental agency.

3. Auction VIN Policies

All vehicles consigned must have a visible public Vehicle Identification Number (VIN) plate attached to the vehicle by the manufacturer, or state inspector for a state reassigned VIN only. Those vehicles that have a reassigned VIN plate by the State in place of the original VIN plate must be announced or will be subject to sale cancellation or Buyer return. Copart reserves the right to refuse the sale of any vehicle in which the VIN plate appears to be altered in any way.

V. Copart Select Seller Responsibilities:

1. Copart Select Sellers are responsible for the accuracy and completeness of all representations and/or descriptions made about a Copart Select vehicle listed for sale, including any information provided in handouts, catalogues, vehicle markings, condition information or vehicle listings and verbal or written statements made by the Seller or its

representative at the time of sale. The Copart Select Seller understands that the Sale Lights System is an affirmative representation of vehicle condition upon which potential Buyers will rely and is therefore responsible for ensuring that all Copart Select vehicles are listed and sold under the correct light designation.

2. Mileage announcements are not required for vehicles that are deemed exempt from Odometer and Title disclosure laws unless a mileage discrepancy is known or apparent to a Copart Select Seller. A Copart Select Seller may voluntarily disclose miles on exempt vehicles. All mileage announcements and all known odometer discrepancies are eligible for arbitration.
3. Titles will be verified through a complimentary AutoCheck report. Titles can only be arbitrated upon using this AutoCheck report.
4. Announcements/disclosures are required for any matters that relate to the safety or integrity of a Copart Select vehicle, including the dollar threshold and disclosure requirements stated in this Policy, and all requirements under local, state or federal law.
5. The existence or availability of a manufacturer's warranty shall not affect a Buyer's right to submit a claim for arbitration. Regardless of the warranty coverage of the applicable defect or cause of the claim, an announcement may be required.
6. In the event of a successful arbitration by the Buyer, the Copart Select Seller is responsible for reimbursement of all reasonable documented expenses incurred by the Buyer in the arbitration process (excluding profit, commissions and detail charges) resulting from undisclosed conditions. Copart has sole discretion to determine the eligibility and amount of reimbursements, which will be limited to the reasonable and documented expenses at auction (wholesale) repair cost.
7. Copart is entitled in its sole discretion to withhold any sales proceeds from a Copart Select Seller while arbitration is pending. For arbitrations occurring after a Copart Select Seller has been paid, the Seller is required to promptly return the payment to Copart if the transaction is reversed as a result of arbitration.

VI. Buyer Responsibilities:

1. Copart's Member Terms and Conditions govern the relationship between Copart and its Members, except as provided in this Policy for eligible Copart Select transactions. To the extent that Copart's Member Terms and Conditions conflict with this Policy, this Policy will govern.
2. Prior to placing bids, the Buyer is responsible for inspecting the vehicle and reviewing any written announcements and disclosures made by the Copart Select Seller or its representative. Buyers are also responsible for reviewing all pertinent information available online, including, but not limited to, announcements, disclosures, condition reports, pictures, videos and online listings. Buyers are also responsible for observing and understanding the Sale Lights designation, which identifies various sale conditions of the vehicle and dictates whether the conditions are eligible for arbitration.
3. Buyers are strongly encouraged to obtain a Post Sale Inspection (PSI), warranty or assurance product from the auction on vehicles purchased.
4. Buyer agrees that it is solely responsible for the cost of any and all work performed on a vehicle (including a vehicle purchased as title attached, unavailable, or absent) prior to returning the vehicle to Copart, except in the event of an undisclosed condition eligible for arbitration that is not detectable through vehicle inspection, including but not limited to, incorrect mileage readings, flood damage, Lemon Law buybacks and trade assists.
5. The Buyer is financially responsible for any pending sale price and buyer fees, and assumes all risk of loss until Copart's arbitration decision is issued.
6. The Buyer or Buyer's agent (transporter or driver) must document any damage to a vehicle on the gate pass prior to removing the vehicle from Copart's Yard. Copart and the Copart Select Seller are not responsible for any damage not identified on the gate pass once the vehicle leaves Copart's Yard.

7. The Buyer shall not surrender possession of the vehicle to any claimant, except as required by legal process, nor shall Buyer voluntarily pay or acknowledge the validity of any claim, without prior written approval from Copart. The Buyer must pursue a claim promptly. Failure on the part of the Buyer, after becoming aware of said claim, to notify Copart of any claim in a timely manner, or failure of the Buyer to cooperate in defending/pursuing any such claim shall relieve Copart and the Copart Select Seller of any and all liability.
8. Vehicles must be returned in a timely manner consistent with this Policy and any instructions provided by Copart. A vehicle is not considered returned until it is received, inspected and approved for return by Copart. Any vehicle returned must be in the same or better condition as when it was sold. Any vehicles delivered to and left on Copart's premises without Copart's prior written approval remains the sole responsibility of the Buyer. The Buyer assumes all risk of loss for any vehicle and/or any contents therein left on Copart's premises without Copart's authorization.
9. The Copart Select Seller and Copart shall not be liable for any vehicle sale or repairs made by the Buyer before the title is received by the Buyer. If the title has been mailed or shipped from Copart to the Buyer, the vehicle cannot be returned until said title arrives and is in the Buyer's possession. If a Copart Select Seller presents a valid negotiable title to Copart by close of business on the next day (excluding weekends and Copart observed holidays) from the time that the Buyer notifies Copart of their intent to return the vehicle, then the sales transaction will stand.

VII. Title Arbitration Policy:

The following provisions apply to all arbitrations involving a title defect:

1. All vehicle titles submitted by a Copart Select Seller must include the Copart Select Seller's company name on said title or on a properly executed reassignment form. The Copart Select Seller guarantees and is responsible for the titles of vehicles sold through Copart's auction platform. This guarantee of the title warrants that the title shall be marketable, and free and clear of all liens and other encumbrances. A Copart Select Seller is responsible for any expenses incurred on vehicles returned because of late or encumbered titles. Copart bears no responsibility for such expenses.
2. A Copart Select Seller warrants, represents and guarantees possession and conveyance of a certificate of title, properly executed, valid in the state where the transaction is occurring and clear of all liens and encumbrances (with the exception of current year DMV fees in California), and Copart Select Seller warrants and will defend the title against the claims and demands of all persons whatsoever, whensoever and howsoever.
3. Copart may withhold from a Copart Select Seller payment for vehicles until a transferable title is received by Copart, unless prior arrangements have been made in writing and agreed to by both parties.
4. If a problem with a title is due to a clerical or coding error, or incomplete documentation, Copart shall be given reasonable time after receiving notice to have the error corrected and/or the problem rectified.
5. Applications or other documents related to a duplicate title will not be accepted in lieu of an original title, unless announced as such or if allowed by the appropriate jurisdiction.
6. Copart must receive a negotiable title from a Copart Select Seller within 30 calendar days of a vehicle sales transaction, with the day of sale counting as Day 1. After that period, it is the Buyer's option to return the vehicle or wait an additional reasonable period of time for the title to be conveyed. If, after 90 calendar days, a Copart Select Seller has still not produced a negotiable title and the Buyer has not returned the vehicle, this title guarantee shall not apply and Copart shall have no duty to provide or convey the certificate of title to the Buyer or to pay the Copart Select Seller.
7. Vehicles lacking a properly assigned title or reassignment to transfer a title at time of sale must sell "Title Attached/Title Unavailable/Title Absent."
8. In regard to defect in title, and in any matter relating to odometer mileage, odometer statements, or damage disclosure statements: Copart Select Seller and Buyer agree to indemnify and hold harmless Copart from any and all liability, loss costs, damage or expense, including attorney's fees which may arise either directly or indirectly from the sale and purchase of the consigned vehicle, including but not limited to any and all title services provided.

9. Whenever any claim is made by any person against the title of a vehicle, whether by lawsuit, demand letter, agency complaint, or other action, the Buyer, after becoming aware of said claim, shall immediately notify Copart in writing by sending to LegalCorrespondence@Copart.com. Buyer must provide full details of the claim and all relevant documents, cooperate fully in defending any resulting legal action, and in take all other steps required to minimize the possibility of loss.

VIII. Flood, Damage Policy

Vehicles are frequently exposed to moisture during their ordinary operation, maintenance, and reconditioning. Occasionally, such exposure may leave residual marks or indicators similar to those left by exposure or immersion of the vehicle in floodwater. In determining what conditions require disclosure or in arbitrating vehicles for flood exposure/damage it is critical that the total condition of the vehicle be considered including VIN data history. Disclosure requirements appear above, in Appendix 1.

1. Disclosure Not Required, Ineligible for Arbitration

No disclosure is required nor is arbitration available for the following types of water exposure, provided that none of the components outlined below are damaged:

- a. Rain, snow or sleet due to open windows, doors or tops or leaking seals.
- b. Car wash or rinse water.
- c. Carpet or upholstery shampooing or cleaning.
- d. Stream, pond, puddle or floodwater that does not rise above the rocker panel or otherwise enter the passenger compartment.
- e. Stream, pond, puddle or floodwater that enters the luggage compartment, but does not damage any electrical components (such as lighting or wiring harness) or does not enter the passenger compartment.

2. Disclosure Required, Eligible for Arbitration

Disclosure is required and arbitration is available for the following conditions:

- a. The title has been correctly branded indicating the flood history of the vehicle. Announcements and disclosures will take the form of an AutoCheck report.