



# WHOLESALE AUCTION

## Arbitration Policy

Effective Date: October 17, 2025

## I. Scope and Application

Copart, Inc. Members should be able to rely on certain Seller representations when bidding on Copart's Wholesale Auction vehicles. Sale Light ratings of Green, Yellow or Red Light indicate the condition and disclosures required, if any, to the Wholesale Auction vehicles being sold. Green and Yellow Light ratings apply to vehicles that are both whole-car, clean title vehicles in the Wholesale Auction AND are eligible for arbitration as outlined in this Policy.

As an industry leader in vehicle auctions since 1982, Copart recognizes the benefit of implementing this Arbitration Policy for Members who purchase a Copart Wholesale Auction vehicle to ensure a smooth & transparent buying experience. This Arbitration Policy is intended to provide our Members with an internal resource for resolving qualifying Member complaints about Copart Wholesale Auction vehicles; acquiring third-party impartial repair estimates; facilitating reasonable, cost-effective resolutions; and increasing Member satisfaction. This Arbitration Policy only applies to qualifying Green Light and Yellow Light vehicle purchases and 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 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 Wholesale Auction 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 Copart Wholesale Auction vehicle is guaranteed by the Seller under the conditions outlined in this Policy, to be free of any known defects. Any single mechanical defect with a repair cost of \$600 or more is eligible for arbitration, including tires.
- 2. Yellow Light – Limited Guarantee:** A Yellow Light signals that the Seller has made announcements that qualify or clarify the condition or equipment of a Copart Wholesale Auction vehicle, such that there is limited eligibility for arbitration under this Policy. Any mechanical defect with a repair cost of \$800 or more is eligible for arbitration. A Yellow Light is automatically assigned to any vehicle 15 years of age or having material hail damage.
- 3. Red Light – Limited As-Is:** Vehicles selling under the Red Light will only qualify for arbitration based on the eligibility criteria outlined under the [Copart Member Protection Pledge](#).

There is no specific Sale Light designation for Title Pending lots. This status will be listed in the Lot Details Page rather than be symbolized by a Blue Light as in similar such policies.

### Announcement/Light Color Legend

Ride & Drive Only	<b>Green Light</b>
Limited Guarantee Only	<b>Yellow Light</b>
Limited "As-Is" Only	<b>Red Light</b>

## III. Arbitration Guidelines:

As provided in Exhibit 1 below, Members may elect arbitration under this Policy for Wholesale Auction vehicles that possess any defect that a Copart Wholesale 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 300 miles added to the total mileage. This Policy only pertains to lots purchased and located in the United States.

- 1. Deadline to Pursue Arbitration:** Refer to Exhibit 1 below for arbitration time periods. Arbitration eligibility time periods are up to 21 days or 300 miles. 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. For vehicles sold with a Title Pending status, arbitration eligibility extends to all claims permitted under this Policy. The time period to pursue arbitration for any

title-related issue shall be extended by fifteen (15) calendar days beyond the standard deadlines noted in Exhibit 1. This extension applies solely to title-related defects or delays arising from the Title Pending status and does not extend other mechanical or condition-based arbitration timelines.

2. **Eligibility:** Any single mechanical defect that requires a repair cost of \$800 or more due to a Copart Wholesale Seller's alleged failure to announce or disclose it per Exhibit 1 is eligible for arbitration on Copart Wholesale Auction 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 the Buyer if an arbitration claim is successful.
4. **Arbitration Process:** A Buyer is responsible to timely submit an arbitration claim by visiting the vehicle's lot details page on 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 Wholesale 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 Wholesale Seller.
5. **Not subject to arbitration:**
  - a. **Inherent Conditions:** No arbitration can be based on conditions that are inherent or typical to a particular make, model or manufacturer. Manufacturer warranty guidelines will be used, where applicable, to determine what conditions are inherent. Additional resources are located on Copart's [website](#).
  - b. **Model Year Restrictions:** Vehicles exceeding 20 model years of age, and trailers, RVs, and watercraft exceeding 10 years of age, cannot be arbitrated.
  - c. **Non-Factory Standard Vehicles:** Kit vehicles, homemade vehicles, or modified vehicles are sold "As-Is" and cannot be arbitrated for odometer, structural issues, warranty books, or model year.
  - d. **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.
  - e. **Unsafe Vehicles:** Copart reserves the right to reject any vehicle that management judges to be unsafe.
  - f. **Wearable Items:** Copart 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.
  - g. **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 Wholesale 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.
  - h. **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. Copart is not bound by vehicle grades or other types of scoring systems placed upon the vehicle. Buyers may only arbitrate a vehicle based upon damage or defects present at the time the vehicle was picked up.

**i. Vehicles Driven More than 300 Miles:** Vehicles driven more than 300 additional miles after the time of sale are not eligible for arbitration.

**j. Electric and Hybrid Vehicle Components:** Notwithstanding anything to the contrary in this Arbitration Policy, the following items are expressly excluded from arbitration and are sold strictly “As-Is” regardless of sale light designation, condition reports, announcements, or other representations:

- High-Voltage Battery Pack(s) – including but not limited to overall capacity, state of health, range performance, operability, degradation, or need for repair, replacement, reprogramming, or recalibration.
- Battery Management System (BMS) and related control modules, sensors, or software.
- High-Voltage Powertrain Components – including but not limited to electric drive motors, inverters, DC-DC converters, onboard chargers, regenerative braking systems, charging ports, and associated cabling or connectors.
- EV-Specific Accessories and Equipment – including but not limited to portable charging cords, adapters, wall connectors, charging equipment, and any manufacturer-provided EV-specific tools or accessories.
- Thermal Management Systems for High-Voltage Components – including but not limited to battery cooling/heating systems, pumps, radiators, and heat exchangers where related to high-voltage operation.
- For avoidance of doubt, any claims arising out of or related to the performance, capacity, condition, or functionality of the above Electric/Hybrid Vehicle Components shall not be subject to arbitration under this Policy. Buyers are solely responsible for conducting their own due diligence, inspections, and evaluations of such systems prior to purchase.
- This exclusion applies regardless of whether the vehicle is designated under Green, Yellow or Red Light, and supersedes any contrary provision under the Copart Arbitration Policy.

	COPART			
	Disclosure/Announcement Required			Arbitration Time Periods (or 300 miles)
Exhibit 1	Green Light Only	Yellow Light Only	Red Light Only	
Major Components				
Fuel Conversion	NO	NO	NO	21 Days
Electric or Hybrid Vehicle Battery Problem (up to eight (8) model years)	NO	NO	NO	21 Days
Engine Problem	YES	YES	NO	21 Days
Cracked or Repaired Block	YES	YES	NO	21 Days
Transmission/Drive Train Problem	YES	YES		21 Days
Front or Rear Differential	YES	YES		21 Days
4X4 System Inoperable	YES	YES	NO	21 Days
ABS Problem	YES	NO	NO	21 Days
Emission Control Equipment: Inoperable, missing, or altered components that change or disable its function as intended by the manufacturer	YES	NO	NO	21 Days
Air Conditioning System	YES	YES	NO	21 Days
SRS – Missing or Problem with Airbags	YES	NO	NO	21 Days
Non-original engine or electric vehicle batteries for current model year and up to 4 model years old. (Excludes items replaced under manufacturer’s warranty.)	N/A	N/A	N/A	21 Days
Working Odometer	YES	YES	NO	21 Days
Structural Damage/Certified Structural Repair or Replacement/Structural Alteration Per NAAA Structural Damage Policy	YES	YES	NO	21 Days
State-Issued VIN Plates (Including Kit Vehicles)	YES	YES	NO	21 Days
Vehicles Being Sold with No Title (Bill of Sale Only)	YES	YES	NO	21 Days
Logo or Decal Misrepresentation	YES	YES	NO	21 Days
Fire Damage	YES	YES	NO	21 Days
Biohazard	YES	YES	NO	21 Days
Stolen Vehicle/Theft Recovery (Including History)	YES	YES	NO	30 Days
Flood Damage (By Auction Inspection)	YES	YES	NO	30 Days
Previous Canadian Vehicles	YES	YES	NO	30 Days
Total Loss and/or Salvage Retention (By Insurance Records)	YES	YES	NO	30 Days
Not Actual Miles or True Miles Unknown	YES	YES	NO	45 days
Stolen Vehicle - Active/Open Theft	YES	YES	NO	30 Days
Lemon Law/Manufacturer's Buyback	NO	NO	NO	30 Days
Bonded, Insurance and/or Salvage Titles (Including History)	YES	YES	NO	30 Days
Grey Market Vehicles	YES	YES	NO	30 Days
Flood Damage History (Reported By Government Agencies and/or Insurance Company Records)	YES	YES	NO	120 Days
All Taxis and Livery Requiring Local or State Licenses and Law Enforcement Vehicles	YES	YES	NO	30 Days
Voided Factory Warranty	NO	NO	NO	30 Days
Other Issues				
Vehicles Being Sold With a Government Release for Title ,(27A, SF-97-1etc.), CO, MSO, or Repo Affidavit Title (If Required By Law)	YES	YES	NO	7 Days after receipt of title
Pending State or Local DMV Fees or Taxes Over \$100 Due On Vehicle (If Required By Law)	NO	NO	NO	21 Days
Any Disclosure Required By Law	YES	YES	NO	21 Days
Convertible Tops	YES	YES	NO	21 Days
Vehicle Accessory Problems - Up to four (4) Model Years Old	YES	NO	NO	21 Days
Exterior Cosmetic Wraps that Exceed 50% of Vehicle Exterior Panels	YES	NO	NO	21 Days
Paintwork (3 Panels or More) on Current Model Year and Newer (Excludes Bumpers)	YES	NO	NO	21 Days
Vehicles Not Equipped With Air Conditioning. Excludes Vehicles ten (10) Model Years Old or Older	YES	NO	NO	21 Days



## 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 Wholesale 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 Wholesale Auction 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 Wholesale 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 Wholesale Seller Responsibilities:

1. Copart Wholesale Sellers are responsible for the accuracy and completeness of all representations and/or descriptions made about a vehicle listed for sale in the Copart Wholesale Auction, including any information provided in handouts, catalogs, 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 Wholesale 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 Wholesale 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 Wholesale Seller. These Sellers 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. Title discrepancies must be announced, including, but not limited to: not actual miles, salvage, theft recovery, stolen vehicle, flood damage, Lemon Law buybacks and trade assist.
4. Announcements/disclosures are required for any matters that relate to the safety or integrity of a Copart Wholesale 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. No representation or warranty, express or implied, is made as to the condition, durability, or fitness for a particular purpose of Electric/Hybrid Vehicle Components.
7. No representation or warranty, express or implied, is made as to the condition, durability, or fitness for a particular purpose of Electric/Hybrid Vehicle Components. In the event of a successful arbitration by the Buyer, the Copart Wholesale 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.
8. Copart is entitled in its sole discretion to withhold any sales proceeds from a Copart Wholesale Seller while arbitration is pending. For arbitrations occurring after a Copart Wholesale 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.
9. Any disclosure of known conditions or limitations of an Electric and Hybrid Vehicle Component as described in Section III.5.j of this Policy is for informational purposes only and shall not create arbitration rights.

## **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 Green & Yellow Light vehicle 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 Wholesale 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. Once the vehicle is sold, the Buyer must review the gate pass/bill of sale when leaving the Copart location to confirm the vehicle price, disclosures and announcements are correct before signing said sales documents.
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 Wholesale Seller are not responsible for any damage that was not identified on the gate pass retained by Copart, when the vehicle is removed from the Copart location.
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 Wholesale 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. Vehicles must not be driven more than 300 miles since the time of purchase in order to be eligible for arbitration.
10. The Copart Wholesale 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. The Copart Buyer can return the vehicle once the Buyer provides a transferable title document to Copart. If a Copart Wholesale 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 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 Wholesale Seller must include the Copart Wholesale Seller's company name on said title or on a properly executed reassignment form. The Copart Wholesale 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 encumbrances. The Seller's liability under this title guarantee shall never exceed the auction sale price (the "maximum amount") of the vehicle, and this maximum amount shall be reduced by two percent (2%) per month following the sale date. All liability under this title guarantee shall expire and terminate four (4) years after the sale date. Copart will not be responsible for any expenses incurred on vehicles returned for the title being received late.
2. A Copart Wholesale 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 Wholesale 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 Wholesale 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. Copart will ensure that the title will be reassigned directly to the vehicle's Buyer.
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. Copart accepts no responsibility for non-titled vehicles sold without title. The Seller must announce the vehicle is being sold with a bill of sale only and that there is no title to transfer. All non-titled vehicles and equipment will be sold "As-Is."
6. Copart must receive a negotiable title from a Copart Wholesale 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 Wholesale 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 Wholesale Seller.
7. Vehicles lacking a properly assigned title or reassignment to transfer a title at the 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 Wholesale 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 an email to [LegalCorrespondence@Copart.com](mailto:LegalCorrespondence@Copart.com). Buyer must provide full details of the claim and all relevant



documents, cooperate fully in defending any resulting legal action, and take all other steps required to minimize the possibility of loss.

10. Vehicles lacking a properly assigned title or reassignment to transfer a title at time of sale must sell "Title Pending."
11. In regard to a defect in title, and in any matter relating to odometer mileage, odometer statements, or damage disclosure statements: Seller and Buyer agree to indemnify, defend and hold Copart harmless from any liability, loss costs, damage or expense including attorney fees which may arise either directly or indirectly from the sale and purchase of the consigned vehicle, including but not limited to title services provided.
12. If and when any third party, including downstream buyers, files a claim or suit tied to a claim, the Buyer will notify Copart and include all details related to the claim, cooperate in defending any legal action and take appropriate steps to minimize possible 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 Exhibit 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.